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MANAGEMENT • PLANT • TRAFFIC • ACCOUNTING • LEGAL • COMMERCIAL •

Telephony

THE JOURNAL OF THE TELEPHONE INDUSTRY

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Guaranteed Circulation This Issue

10,450 of Which 9,928 is Paid

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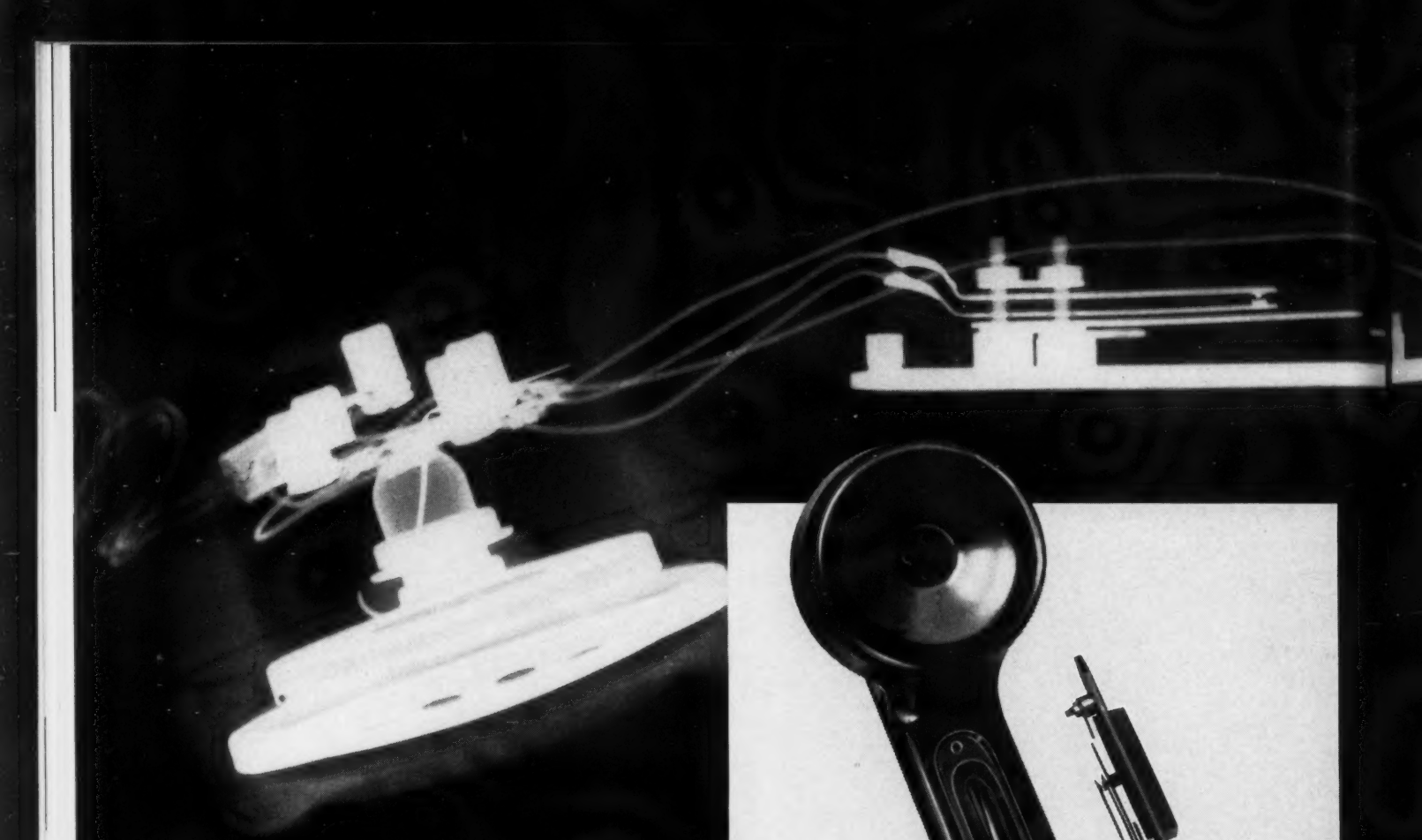


Still another service from America's most modern phone

(fits standard "1400" or "1500" telephones)

WITH THESE 3 SPRING COMBINATIONS

BREAK

to cut out the transmitter, improves hearing in noisy locations

MAKE

for "push-to-talk" operation . . . a battery-saving feature

TRANSFER

allowing for extra leads to control other functions, such as two-way radio

XUM

The *New* Stromberg-Carlson Rocker-type Transmitter Switch

Stromberg-Carlson developed this switch for specialized uses in the independent industry. Known usually as a "push-to-talk" device, our switch has a variety of other features so that it must also be called "push-to-listen" and "push-to-do-a-lot-of-things"!

Note that the switch is rocker (or bar) type—providing positive contact no matter where it is pressed, nor by which finger of the user's hand. This feature is a great preventer of fatigue, when the handset is used for a long period.

Note also the *twin* contacts—a traditional Stromberg-Carlson feature.

The possible uses of this new handset are legion. Ask your nearest representative to discuss how you may use it to provide specialized subscriber service with increased revenue.

Stromberg-Carlson®
ROCHESTER 3, NEW YORK

Sales Offices: ATLANTA 3, CHICAGO 6, KANSAS CITY 8, ROCHESTER 3, SAN FRANCISCO 3. *Manufacturing Branch:* DALLAS, TEXAS.

XUM

Officers of the State Long Distance Telephone Company: Left to right: Florence L. Coleman, Secretary and Treasurer; Anna E. Wiswell, President, and Wyman W. Wiswell, Vice-President and General Manager.

Kellogg Crossbar Cutover Marks 55 Years for Elkhorn, Wisconsin Company

In 1900, with little money and a lot of problems, State Long Distance Telephone Company faced an up-hill battle for survival. But it all ended in a typical Independent success story

In 1900, a group of Elkhorn, Wisconsin, farmers gathered together to do something about the lack of telephone service to their rural homes. At this meeting, the State Long Distance Telephone Company was organized to serve the rural districts. Fifty-five years later, on March 19, 1955, this same independent company converted to 850 lines of Kellogg Crossbar dial switching equipment.

In the years between these momentous occasions, particularly the early years, State Long Distance had to overcome many problems to survive. Money was scarce. When the company was formed, farmers had to buy enough stock to defray the cost of lines reaching their homes. In addition, there appeared to be little chance for expansion since there were already two telephone companies serving the city.

In 1903, the company was purchased by a group of men led by Charles Wiswell. No officer of this reorganized firm drew compensation for the first 15 years of its existence. In 1906, State Long Distance bought out one of the two telephone companies serving the city, giving them an exchange that served both Elkhorn and surrounding rural communities. With this advantage, and the demands of town people to end

the duplication of service, State Long Distance was finally able to buy out the other competing firm.

Modern Dial Equipment

Today, a healthy thriving business, State Long Distance provides the city of Elkhorn and surrounding rural communities with the finest dial service possible. Housed in the company's new building is the ultimate in dial switching equipment—Kellogg Crossbar. Unequalled in speed, capacity or economy, Kellogg Crossbar has proved its superiority in exchanges just like Elkhorn, and others large and small. Wherever it has been installed, it has resulted in improved subscriber service, increased profits, lower operating and maintenance costs.

KELLOGG — DIVISION OF IT&T

KELLOGG SWITCHBOARD AND SUPPLY CO.

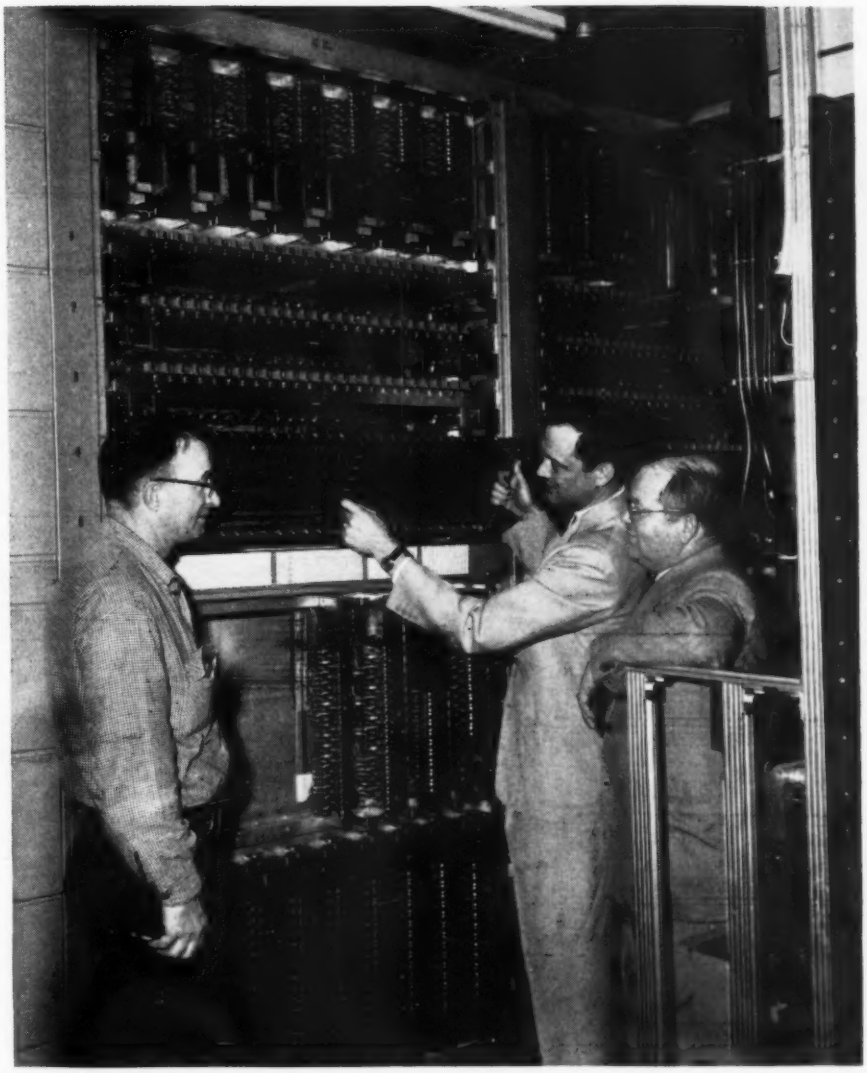
A Division of International Telephone and Telegraph Corporation

Sales Offices: 79 West Monroe Street Chicago 3, Illinois

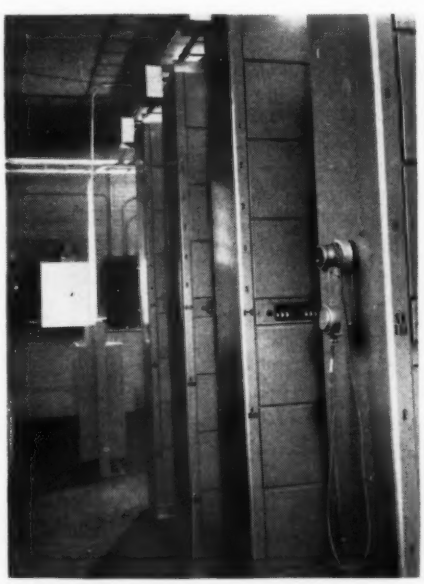
Warehouses: Chicago 38 • Kansas City 1 • Mansfield, Ohio • St. Paul 4 • Dallas 2 • San Francisco 3

Branch Offices: New York 7 • Portland 5 • Los Angeles 13

Export: International Standard Electric Corporation, New York 7, N.Y., U.S.A.

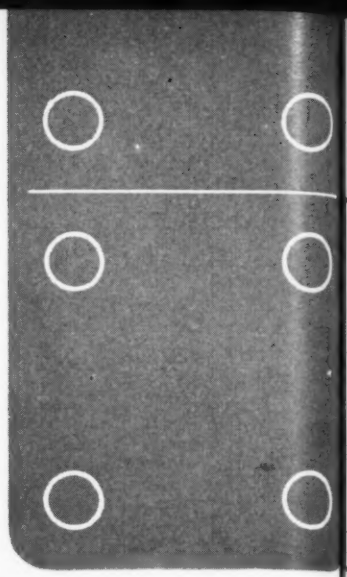


DRAWER MOUNTED SWITCHES of the Kellogg Crossbar dial switching equipment are the center of attention as C. F. Cheney, Kellogg's Chicago Division Sales Manager, discusses equipment with Howard Vincent, left, and Wyman Wiswell. Cheney points out the precious metal contacts that make the Crossbar connections so radically different from most switching connections.



EFFICIENCY, money-saving economy and extra long life are advantages State Long Distance will enjoy with Kellogg Crossbar.

NEW BRICK ADDITION to existing facilities, houses Kellogg Crossbar dial switching equipment. Business offices and toll board occupy main building. The company's first exchange was located over a drug store.



Add **DEPENDABLE SERVICE** *to*

Here's the instrument that breathes new life into any magneto exchange.

You save on inventory because the same telephone is either a wall or desk model. No changes or additions are necessary. Remove the generator, change a few wires and you have a modern common battery instrument. Even if your exchange is converted to dial, it's a simple matter to add a dial.

With this Leich 900, you can offer the finest magneto telephone service available. Transmission and reception are the finest your subscribers have ever experienced. The reliable Leich ringer will operate for years without adjustment. And the heavy-duty, Alnico generator furnishes plenty of power for heavily loaded lines.

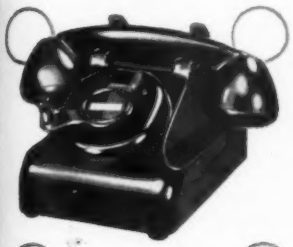
Your subscribers will like the handy generator crank which is located on top like the dial on a dial telephone.

Maintenance expense is cut to the minimum. The Leich 900 magneto telephone is sturdily made of the highest quality materials. Tens of thousands of these reliable telephones are giving dependable service in magneto exchanges all over the United States.

Start now to use this really modern and practical magneto telephone. It's your best investment now. It will save you money when and if you convert to common battery or dial operation. Leich Sales Corporation, 427 W. Randolph, Chicago 6, Illinois.

LEIC

XUM



it's a desk model

it's a wall model

remove the generator and you have a common battery telephone

it's easy to add a dial, too

tall these features - -

MANUFACTURERS OF TELEPHONES, SWITCHBOARDS AND RELATED APPARATUS SINCE 1907

LEICH SALES CORPORATION 427 W. RANDOLPH STREET CHICAGO 6, ILLINOIS

PACIFIC COAST: 2611 SAWTELLE BLVD., LOS ANGELES 64, CALIF. SOUTHWEST: 1227 SLOCUM ST., DALLAS 7, TEXAS

GENERAL SYSTEM

XUM

FLASHES AND PLUGS

FREE HANDS. Response around the country to the Bell System's "hands-free" telephone has been favorable and varied. Here is the way the Chicago *Sun Times* covered the story, which was headlined "Look Ma, No Hands (For Phone)":

"Bell Telephone Laboratories, in its constant search for ways to make life ridiculously easy, has come up with a 'hands-free' telephone.

"This device, the company says, will enable the housewife 'to talk about bridge clubs or bridgework while she irons, bakes a cake or puts the groceries away.' It also permits business conferences in which the businessman can take notes, refer to records and carry on the conversation at the same time.

"The gimmick is a little box which contains a microphone, a miniature loud-speaker and a switch. The telephoner's voice comes out of the speaker and your voice goes into the mike. And you can turn off the whole thing and use the standard telephone by throwing the switch.

"On the more serious side, the no-hands telephone will enable handicapped persons to engage in normal telephone activities, the Illinois Bell Telephone Co. points out."

• • •

THE WILD WAVES. Two lunatics, each firm in the belief that he was a lifeguard, escaped from an asylum and were trudging along the road in search of an ocean. Presently they came to a large wheat field which was rippling in the breeze a lot like waves in a sea.

Removing their clothes, they scrambled up a telephone pole and the first dived off. A moment later his head dazedly emerged from the wheat.

"Dive to the left," he cautioned his friend, "I hit a sandbar."

• • •

HOT OFF THE GRIDDLE. A Bangor, Me., police dispatcher sent a patrol car recently to a fire scene, giving the address: "4 Wingate Court."

From another cruiser car, a patrolman spluttered, "I'll take that call. That's my house."

Soon his voice came over the radio:

"It's okay—except the steak I was going to get for supper is burned to a crisp."

• • •

UPLIFTING CONVERSATION. Once upon a time a little boy was using a paystation and he asked the information operator for the number of a local theater.

"That number is listed in your directory," the girl said icily, "would you please look it up?"

"I can't," said the little boy, "I'm standing on the directory now."

CIRCULATION

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608 S. Dearborn St., Chicago (5), Ill., U. S. A.
Telephone WA bash 2-2435

small business proving big market for multi-line monophones

TO OFFICES THAT "DON'T QUITE" NEED A PBX, yet use several lines, Automatic's Type 47 multi-line Monophone brings speedy switching of calls, and cuts confusion. To telephone companies, Type 47 brings new subscriber good will and revenue.

Stores, small plants, clinics, lawyer's offices and many other business subscribers are glad to pay extra for the extra convenience of Type 47 Monophones! That's the rewarding experience of telephone men who are promoting them actively.

Type 47 is equipped with handy pushbuttons for answering, holding, and transferring calls on 3 lines. When all lines must be available to all telephones in the office, a Type 47 is used at each desk. When all lines must be available to a secretary only, a Type 47 is used on her desk.

Type 47 can also be used as a 2-line instrument, with the third line used for pushbutton signaling or for disconnection or connection of an extension telephone, standard ringer, or loud-ringing bell. Type 47's great flexibility makes it an easy matter to quickly provide the right wiring arrangement for each subscriber. Our Bulletin T519 contains full facts and over a dozen pages of helpful wiring diagrams. Send for it today!

Address: Automatic Electric Sales Corporation, 1033 W. Van Buren St., Chicago 7. Or, call HAymarket 1-4300.

location "all wet?"

outdoor monophones will stay trouble-free!

For cab stands, police and fire boxes, boiler rooms, docks,—every exposed location where things get wet—install Outdoor Monophones! They're *made for the job,* with rubber-covered wiring, impregnated coil windings, waterproof handset cord, watertight case. Companies using them are enthusiastic about their trouble-free service. Ask for Circular T1732 today.

AUTOMATIC ELECTRIC

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As Communities

Available in Canada through ERICSSON TELEPHONE SALES of CANADA, Ltd. 1410 Stanley Street Montreal 2, P.Q.

. . . AND SUBSCRIBER CARRIER, TOO

Population growth beyond the capacity of your original subscriber leads involves *another* problem of system expansion. ***North Subscriber Carrier*** provides for as many as ten additional stations per channel—stackable to four channels per physical pair.

Get your copy of North's New Trunk Carrier Bulletin

NORTH

s Grow

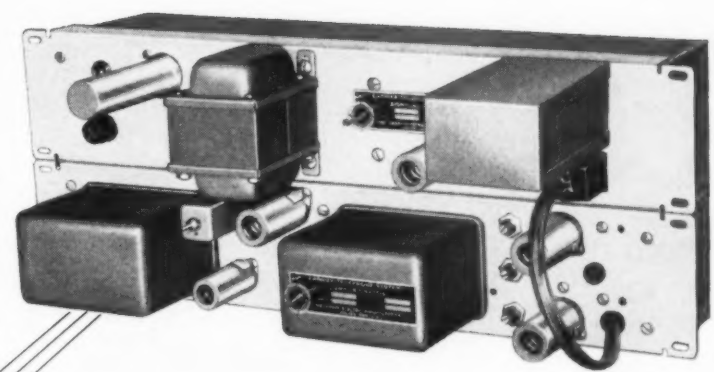
NORTH Trunk Carrier

meets your increased demand *at Low Cost*

Most telephone companies are familiar with the problems of trunking expansion brought on by growth of the communities they serve. Many of them have learned to convert this problem into profit by applying North Trunk Carrier to existing pairs at a greatly reduced cost in comparison to construction of additional physical lines. A channel of carrier is the full equivalent of an additional pair of wires, and as many as four channels can be stacked on an existing pair in addition to the trunk already in service. Available for ring-down, or duplex E & M service.

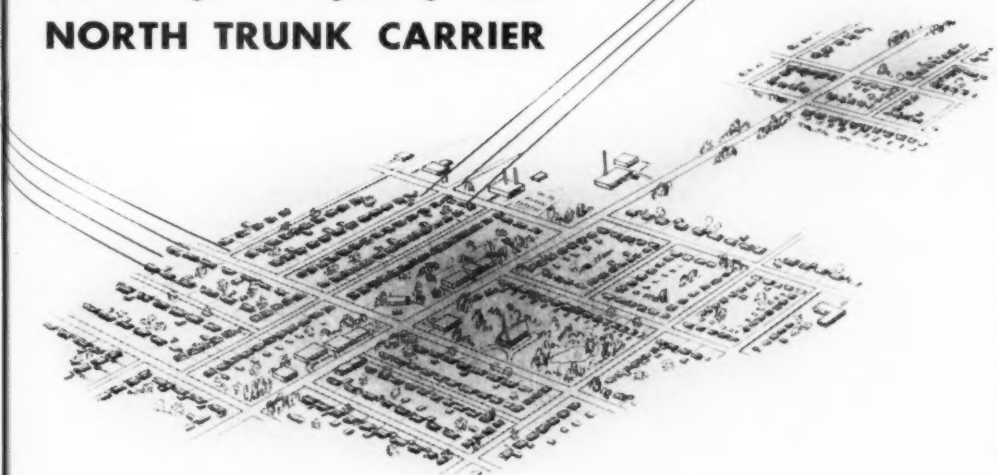
NORTH CARRIER

- Provides new trunk circuits over lines now filled to capacity, without disturbing the physical circuit.
- Provides capacity for additional revenue through increased traffic.
- Eliminates delays and lost calls resulting from crowded trunks.
- Helps to meet the demands at peak load periods with faster, better quality service.
- Provides simplest and lowest cost trunk installation, in keeping with best telephone practices.



Beat the high cost of growing —with

NORTH TRUNK CARRIER



A RING-DOWN TRUNK TERMINAL is shown above. Two such identical terminals provide a carrier trunk circuit. The E&M carrier terminals are interchangeable with ring-down carrier terminals and are similar in appearance. The versatility of North Trunk Carrier offers an infinite variety of arrangements to suit any trunk system.

THE NORTH ELECTRIC MANUFACTURING COMPANY

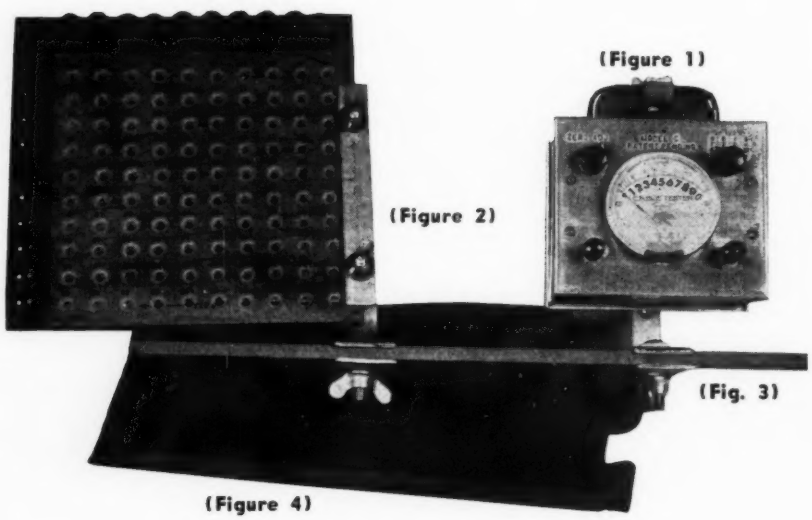
601 South Market Street • Galion, Ohio

THE Murphy (ONE MAN) CABLE TESTER

NEW IMPROVED

Over 1800 of these TESTERS now in use in United States, Canada and Hawaii . . .

NOW! . . . for the first time, ONE MAN can test to identify cable pairs and do it three times as fast as two men could formerly do the same work. "ONE MAN" splicing crews are now a reality. On new cable work, labor costs are reduced by from 30% to 50% depending on just how far you are prepared to go in utilizing the ONE-MAN crew.



(Figure 1)

(Figure 2)

(Fig. 3)

(Figure 4)

NOW WE CAN HELP YOU:

1. **REDUCE cable splicing costs even more.**
2. **Make the splicers work EASIER.**
3. **Eliminate many troubles and delays caused by wrapping cableends.**
4. **Still further SPEED UP new cable splicing operations.**

MODEL C METER UNIT (Figure 1)

Three Test Sets in one — The Murphy ONE MAN Cable Pair Identifier, The Buzzer Continuity Tester — and the Ohmeter for locating trouble. Heavy, long-life battery with special bracket clamp to hold it in place. Can't shift, can't short out — can't leak.

COMBINATION TAG & TERMINATING BOARD

Figure 2 (Model TTB) — Automatically sorts and groups the wires just the way you need them for connecting to the binding posts of the Terminal Board — only, in this case, the Terminal Board is built right into the Tag Board. Complete Directions with each unit.

DUAL PURPOSE CLAMP (Figure 3)

This clamp will hold the Terminating Board at any angle, above or below the strand — for greater convenience and speed in boarding a cable. The clamp can be used to hold the present standard tagboard in position while using the earlier type of Terminal Board. The same DUAL PURPOSE CLAMP is also used to hold the METER UNIT above the strand, right over the splice, at any convenient angle, for the greatest visibility of meter face.

THE NEOPRENE BAG (Figure 4) Model NP

The bag is simply slipped over the Terminating Board and taped down around the cable armor to seal out the weather. Bag is made of U. S. Navy Spec. High Tear Nylon Fabric covered on both sides with a heavy coating of Neoprene. Can be used over and over hundreds of times.

CARRYING CASES

Durable carrying cases are available for all units.

For Prices, additional Information, specifications, references, etc., Write

MURPHY ENGINEERING LABORATORIES, INC.

4419 TULSA, HOUSTON 24, TEXAS **PHONE TW-4000**

ANSONIA Ankoseal® offers you a choice

2 TYPES OF SELF-SUPPORTING CABLE

6 PAIR
19 GAUGE

TYPE 611

Type 611 is the self-supporting cable that is shielded and jacketed overall in the conventional manner, suitable for permanent cable installations. It is illustrated at the left. The shielding has the advantage of giving maximum protection against induced noise. The jacket protects the insulation against physical damage. Five of the pairs in the cable are red-white while the tracer pair is red-orange.

TYPE 619 PEV

Type 619 PEV is supplied without jacket or shielding. It consists of individual conductors with polyethylene insulation plus a PVC covering. It is fully color coded. Six pairs are cabled around a polyethylene insulated extra high strength 109 galvanized steel wire which acts as the supporting member. It is installed rapidly, at low cost to provide temporary cable relief or service where more permanent cable installation is not feasible.

Write for additional information on specific installation needs

Type 619 PEV is also available with conductors insulated with black polyethylene only; pairs are identified by ridged tracers.

Ankoseal Cable is sold to independent telephone companies through authorized Telephone Supply Distributors only.

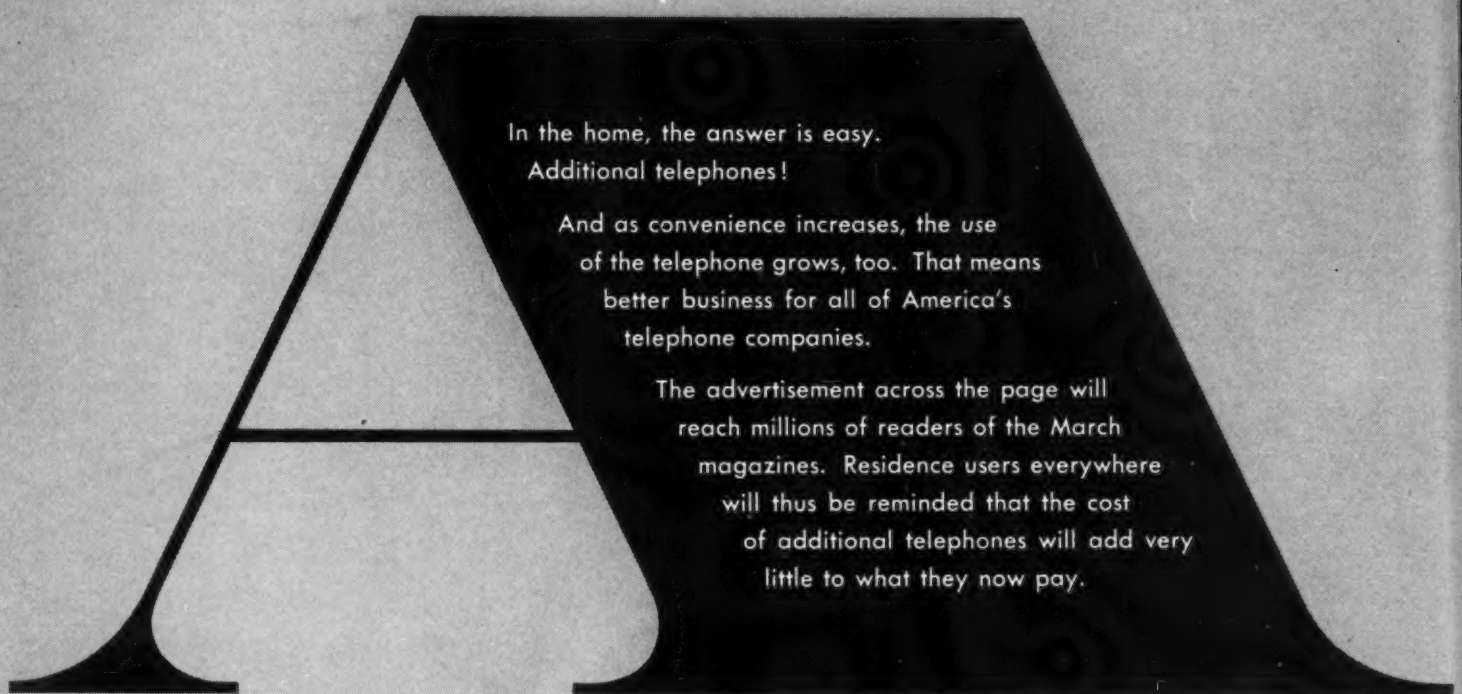
THE ANSONIA WIRE & CABLE COMPANY

ANSONIA, CONNECTICUT

Phone REGENT 4-3306

XIIM

What makes telephone service even more convenient?



In the home, the answer is easy.
Additional telephones!

And as convenience increases, the use of the telephone grows, too. That means better business for all of America's telephone companies.

The advertisement across the page will reach millions of readers of the March magazines. Residence users everywhere will thus be reminded that the cost of additional telephones will add very little to what they now pay.

"It's all right... *there's a telephone right here, too"*

The man who has a telephone at his elbow in the office appreciates the same convenience in his home.

He knows that running downstairs or from room to room to telephone is an unnecessary waste of time and energy . . . when additional telephones, conveniently placed, cost so little.

Great thing for Mother, too. For telephones in the kitchen and bedroom will save her many steps. And give her greater peace of mind, especially at night when she may be at home alone.

All of this convenience—and safety too—can be yours at small cost for each additional telephone. Just call the business office of your local Bell telephone company.

Bell Telephone System

SERVICE THAT'S WORTH SO MUCH...COSTS SO LITTLE

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GraybaR TELEPHONE NEWS

THE FIRST PAY BOOTH TELEPHONE CALL!

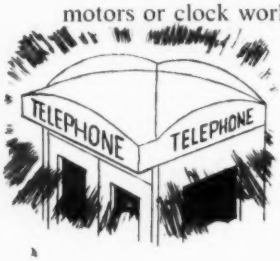
Historians say that in 1882, Alexander Graham Bell placed the first toll call to Chicago from this curtained and carpeted booth in New York. Rates for this new innovation in telephone service were $9.00 per 5 minutes and callers considered themselves fortunate when connections were made in under an hour.

...AND TODAY'S MODERN OUTDOOR SERVICE

Outdoor booths – Give your customers the best in outdoor pay-station service by using these rugged weatherproof booths. Shipped set up and ready for use, they're available painted in standard slate grey or in distinctive special colors at slight additional cost.

ROUND-THE-CLOCK REVENUE

Electronic controls – Install Ripley Night Watchman units in all your booths. An electronic eye turns on booth lights at dusk, turns them off at daybreak. Unit is easy to install . . . has no motors or clock work to freeze or run down.



Glo-dome roof – Add a plastic Glo-dome roof and you have a truly unbeatable combination for increased revenue. The Glo-dome, which glows brightly to attract attention all night long, fits standard booths now in service and when specified can be furnished on new booth orders.

Pay station units – Graybar can supply Autelco pay stations equipped with the same dials, handsets, and induction coils you use in your standard sets. In this way, you can be sure of holding inventories of maintenance parts to a minimum. 385-233

Signs and brackets – Tell out-of-towners and local residents of your outdoor service by using good signs in the right places. Several types of signs and brackets are illustrated here, but for complete details on others, as well as equipment for all indoor or outdoor installations, consult your local Graybar Representative – he'll be glad to assist you.

Call Graybar first for... Graybar Quality — Everything in Telephone Supplies

GRAYBAR ELECTRIC CO., INC.
Executive Offices:
Graybar Building, New York 17, N. Y.
IN OVER 100 PRINCIPAL CITIES

The New Rapid Tax

DEPRECIATION

By WILLARD F. STANLEY

BECAUSE of the substantial and continuous expansion of the facilities of telephone companies, and the long-life expectancy of their new properties, the new rapid depreciation deductible for income tax purposes under the 1954 Internal Revenue Code should be particularly important to the telephone industry.

The New Income Tax Code gives American industry the right to adopt for tax purposes, one of the new and rapid methods of depreciating new property, acquired, constructed or reconditioned on and after Jan. 1, 1954. This right also applies to projects initiated prior to Jan. 1, 1954, to the extent of the cost of construction on or after said date.

Basic Methods of Tax Depreciation

The basic methods of tax depreciation under the new law are:

(1) *The Straight Line Method.* This is the method customarily used in the past and consists of depreciating property in equal annual instalments over its anticipated life expectancy. This method may be applied to *all* depreciable property, whenever acquired or constructed and of any life expectancy.

(2) *The Declining Balance Method.* This method is not new, but hitherto was permitted only in special cases. The new law permits a write-off of 200 per cent of the Straight Line rate annually, applied to the depreciated balance remaining at the end of each year. For example, if a new property had an expected life of five years, the write-off the first year would be 40 per cent of cost (instead of 20 per cent under the Straight Line Method); the next year the deduction would be 40 per cent of the balance of 60 per cent remaining undepreciated, or 24 per cent of cost; the following year the 40 per cent would apply to the 36 per cent of cost remaining undepreciated, which would make the deduction equal to 14.4 per cent of cost, etc. This method may be used only with respect to new (not second hand) tangible, depreciable property acquired or constructed on and after Jan. 1, 1954, and having a life expectancy of three years or more.

(3) *The Sum of the Years Digits Method.* This method, too, has been used occasionally in the past, but is now made available by the new law to all taxpayers with the same limitations as to the date of acquisition or construction and life of property as in the case of the Declining Balance Method. The formula for computing deductions under this method is to add together each year in the expected life of the property (in the case of a four-year life, this would be 4 plus 3, plus 2, plus 1, equals 10); and then divide this figure each year into the remaining years of life expectancy (including the current year); thus for the first year the calculation would be 10 divided into 4, or 40 per cent of cost; the next year 10 would be divided into 3, making 30 per cent of cost, etc.

W. F. STANLEY

(4) *Any other method* selected by the taxpayer, provided the cumulative deductions at the end of any taxable year during the first two-thirds of life expectancy of the new property shall not exceed the cumulative deductions under the Declining Balance Method.

The new law does not permit taxpayers without consent of the Internal Revenue Service to switch from one method to another as to new property acquired or constructed in any year, except the right is expressly given in the law for taxpayers to change at the end of any taxable year from the Declining Balance Method to the Straight Line Method, as to the undepreciated balance (less salvage) then remaining. The Declining Balance Method if carried forward unchanged would, theoretically, never fully depreciate the property, generally leaving an undepreciated balance from 3 to 13 per cent at the end of anticipated life, but the taxpayer could deduct the unrealized salvage in the year of retirement. Full depreciation can be obtained by switching to the Straight Line Method. The best time for the switch, in order to obtain maximum overall deductions, is at the end of the year following the half-way mark in the estimated life expectancy. Taxpayers must be prepared to defend the reasonableness of the Straight Line rates at the time the change is made.

The Declining Balance Method disregards the factor of salvage and thus may be more desirable for taxpayers with properties having a high salvage factor. By switching to the Straight Line Method, taxpayers would inject the element of salvage into the depreciation allowance, since salvage must be considered in fixing depreciation rates under the Straight Line and Sum

XUM

of the Digit Methods. However, in all but exceptional cases, it is likely that utilities will obtain the best results through adopting the Sum of the Digits Method, because this method produces a considerably longer period of net over-all deferral of taxes, and, consequently, a larger economic gain.

The Declining Balance Method will give taxpayers somewhat greater assistance in financing expansion or modernization because the deductions thereunder are higher in the first two years of life of the property. On the other hand, the Sum of the Digits Method will, where the life expectancy of the property is about seven years or more, give a larger economic gain.

What Taxpayers Are Affected?

Individuals, partnerships, corporations and all other forms of taxable entities, acquiring or constructing new, tangible, depreciable property on and after Jan. 1, 1954, may avail themselves of any of the rapid methods permitted by the new law.

What Are the Elections?

The test as to adoption of rapid depreciation and changes in methods adopted applies to each year's additions. If taxpayers fail to adopt rapid depreciation as to particular property acquired in any year, they cannot do so in any subsequent year as to that property. But taxpayers can elect rapid depreciation as to the same type of property acquired in any subsequent year. Similarly, if taxpayers elect a rapid depreciation method they cannot change in any subsequent year to any other method as to such property (except from Declining Balance to Straight Line), but they are free to adopt a different method as to similar property acquired in any subsequent year.

Different methods may be adopted for different classes or items of property acquired in the same year, or one rapid method may be applied to all such property on a composite basis. As to each years' acquisitions, elections must be made in the tax returns for that year.

Are Depreciation Rates Affected?

The rapid methods of depreciation which the new law permits should not affect depreciation rates or life expectancy of property. These rates should be the same for the new property as to which rapid depreciation is adopted as for similar property which the taxpayer owned prior to Jan. 1, 1954. Rates could be altered, however, where there are changes in conditions, or location of property or excess of accumulated reserves, etc. But in such cases the change would no doubt have been required regardless of the adoption of rapid depreciation.

Fears have been expressed that the benefits of higher depreciation allowances under the rapid methods applied to new property might be offset by lower depreciation allowances for tax purposes with respect to older properties. The language of the statute and the expressed intentions of Congress both seem to make such fears groundless.

Experience in working with the new rapid tax depreciation may prove that it is impracticable to apply this technique to items of property or classifications thereof involving a large number of individual units, or possibly to mass accounts, because of the clerical work necessary to segregate these items or classifications. But large items and readily identifiable types of property such as buildings, automobiles, substantial sized cables, office equipment, etc., should all be practical for use under a rapid method. Further study may show that other types of property, which now appear doubtful, because of the detailed work involved, can, by the exercise of ingenuity, be made feasible for the benefits of the new tax technique.

Where a telephone company has been using a composite depreciation rate for tax purposes, covering all its properties, and where rapid depreciation is applied to specific items or types of new property, but not to all new additions, it will be necessary to determine approximate rates for these specific items on the basis of their customary life expectancy. The rapid methods would then be applied to such new rates, and a new composite rate applicable for tax purposes to all older properties and to the new properties for which rapid depreciation is not adopted, would be arrived at. This would be solely a mathematical calculation. With cooperation from the Internal Revenue Service, which appears likely to be forthcoming, these procedures should not involve either difficulty or penalty.

Financial Assistance

One important benefit of rapid depreciation is that by increasing depreciation deductions for tax purposes in the early years of the life of new property, it defers to later years the payment of substantial amounts of taxes which otherwise would be payable in such early years under the Straight Line Method. Due to the long life span of utility property, the element of financial aid will not be so important to telephone companies, particularly during the next few years. For example, assuming an average life of 30 years, only about 1.6 per cent of the cost of the new property will be obtained in the first year of its life through such deferral of taxes. But this percentage will cumulate as the years go by, in relation to the amount of new property installed in the current year, assuming the company continues to expand in approximately the same amount annually. By the end of about 10 years the net cumulative annual saving from the additions made in previous years could aggregate around 10 per cent of current year's additions.

Economic Gain

This is probably the most important single benefit to telephone companies and other utilities from adoption of

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rapid depreciation. This gain arises from the interest-free use of the funds represented by the taxes deferred from earlier to later years of the life of the new properties. To compute the amount of this economic gain, two factors are needed; first, the weighted average cost of the money which would have been used had the taxes not been deferred, and next, the net period of the deferral of the taxes. This cost of money will vary somewhat between companies and must be estimated by each, taking into account its capital structure, size and other pertinent factors. This cost is not, of course, the present cost of money, but the assumed weighted average cost over the entire life of the new property concerned.

Space does not permit a full discussion of this cost-of-money factor, but the choice would seem to narrow to three alternative methods of estimating such weighted average money cost for a telephone company, i. e.:

(1) Assume the money replaced by the deferred taxes consists entirely of common stock equity, on the theory that the tax reductions will be carried through to surplus (whether restricted or not) and, therefore, will add to the common stock equity.

(2) Assume

(a) the tax reduction will be offset by a charge for deferred taxes which will be credited to a reserve (not to surplus); and

(b) the utility can be considered as issuing the same amount of bonds as if rapid depreciation had not been adopted; under these circumstances the money replaced will consist solely of preferred and common stock. If debt were assumed at roughly 50 per cent of the new capitalization and preferred at 10 per cent and common stock at 40 per cent, the replaced money would consist of 80 per cent of common equity and 20 per cent of preferred stock.

(3) Assume the money replaced consists of bonds, preferred and common stock in the proportions mentioned in (2) (b) above, on the theory that the tax reduction will be offset by deferred charges credited to a reserve as in (2) (a) above.

Average costs for the various types of funds over a 30-year assumed average life for the new property (extended into a considerably longer period with respect to additions made in subsequent years) are something of a "guesstimate," but based on the record of the past, 4 per cent bonds, 5 per cent for preferred stock and something like 11 per cent for common stock (including expenses of issuance, etc., in each case) would not seem unreasonable. These assumptions would result in a weighted average cost of 11 per cent under alternative (1); 9.8 per cent under alternative (2); and about 6 per cent (after taxes at a 50 per cent rate) for alternative (3).

Once this assumed cost of money is determined, the economic gain from rapid depreciation is arrived at by multiplying the cost of the new property (as to which the rapid method is adopted) by such assumed average money cost, and then multiplying the result by the number of years representing the weighted average period of the economic gain. Applying an assumed tax rate to the result of the last computation, gives the amount of economic gain in any case. The percentage of economic gain to the cost of new property increases with longer life expectancy of the property, because the period of tax deferral becomes greater.

If the life expectancy is about seven years or more, the Sum of the Digits Method will produce a higher economic gain than the Declining Balance Method, and this differential in favor of the Digits Method will grow as life expectancy of the property increases. The tabulation below shows the economic gain, expressed as percentages of the cost of new property having the following life expectancies, using the rapid methods indicated:

The five and 20-year life expectancies would not, of course, normally apply to telephone properties and are included for comparative purposes only:

The foregoing is sufficient to indicate the substantial economic benefits to be derived from adopting rapid depreciation in the case of telephone companies and other utilities. *This economic gain alone strongly indicates the desirability of adopting rapid depreciation, unless there are special reasons to the contrary which appear to outweigh these benefits.*

What Are the Objections?

The following are the principal objections to the adoption of rapid depreciation:

(1) The fear of lower depreciation rates being applied to older properties has already been mentioned and dismissed.

(2) The adoption of rapid methods will require keeping two sets of property records for tax purposes. Each year's additions should be segregated. It may not be practicable to apply rapid depreciation to small property items involving mass accounts because of the clerical work involved. Where the amounts of new property are reasonably large in dollars, as many items should be, in the case of telephone companies, the benefits should far outweigh the trouble and expense, particularly if limited to larger items.

(3) It is sometimes urged the annual rate of tax depreciation is not too important, since the taxpayer can write off only 100 per cent of cost and any acceleration merely "defers" and does not "save" taxes. This view overlooks the substantial benefits inherent in the financial assistance and/or economic gains from the free use of the deferred taxes, and is, therefore, unworthy of serious consideration.

(4) An important probable objection is the fear that higher tax rates in later years, when depreciation deductions will be lower if a rapid method is used, will more than offset the benefits. Accurate prediction of future tax rates is not feasible, but income tax history indicates that over long periods an upward trend in tax rates is the rule. We are, however, starting at this date from a high plateau of normal tax rates. Assuming the tax rate continued at 50 per cent for the entire period when the depreciation will be higher because of rapid depreciation,

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	ASSUMED COST OF MONEY						
	5%	5%	5%	5%	11%	9.8%	6%
	Years of Life Expectancy						
	Five Years		Twenty Years		Thirty Years		
	Method of Rapid Depreciation						
	Declining Balance*	Sum of Digits	Declining Balance*	Sum of Digits	Sum of Digits		
Approximate Per Cent of Cost of New Property Represented by Economic Gain to Taxpayers**	1.8%	1.6%	5.3%	8.2%	27%	24%	15%
Dollars of Economic gain assuming $10,000,000 of new Property***	$180,000	$160,000	$530,000	$820,000	$2,700,000	$2,400,000	$1,500,000

*Changing to straight line method halfway through life expectancy.
**These percentages are applicable to any amounts of new property.
***If like amounts were spent by a utility each year, the total economic gains would cumulate accordingly.

by FRANCIS X. WELCH WASHINGTON EDITOR

Hoover Commission recommendations on government lending agencies discussed. . . . Report urges that REA be reorganized on self-supporting basis. Reasons analyzed why Swedish government telecommunications depreciation allowances are on replacement cost basis.

THE (HOOVER) Commission on Organization of the Executive Branch of the Government has released its report on lending agencies. This is the report which contains the Hoover Commission's recommendations on what should be done about the Rural Electrification Administration, if anything. The full commission of 12 members, headed by former President Hoover, apparently agreed (9 to 3) that certain definite changes should be made in the REA setup. The three, with different views, were Attorney General Brownell (who wanted more time to study REA), former Postmaster James A. Farley (who was not convinced that any change should be made), and Representative Holifield (D., Cal.) (who dissented from the whole report).

Other members of the commission, who apparently went along with the report, included: Senator McClellan (D., Ark.); former Sen. Homer Ferguson (R., Mich.); Rep. Clarence J. Brown (R., Ohio); Defense Mobilization Director Arthur S. Flemming; Joseph P. Kennedy, former ambassador to Great Britain; Robert G. Storey, former president of the American Bar Association; Solomon C. Hollister, civil engineer, and Sidney A. Mitchell, prominent banker.

Concerning the REA, the Hoover Commission has three succinct recommendations:

(1) That it be reorganized on a self-supporting basis;

(2) That it secure its financing from private sources;

(3) That it be made subject to the Government Corporation Control Act.

In making these recommendations, the report finds that, as of last June, REA owed the United States Treasury over 2 billion dollars and had further authorizations for more than half a billion. It further found that REA is subsidizing its cooperative borrowers at less than economic cost by charging interest rates at 2 per cent *which is one per cent less than the Treasury pays for its own money borrowed on a comparable long-term basis.*

It further found that such cooperative borrowers were being subsidized through tax exemption and through deferment of even the 2 per cent interest because of the five-year initial "honeymoon" period before interest payments are made on loans. And finally it found that REA borrowers were being subsidized to the extent that the administrative expenses of their loans were being taken care of at the taxpayers' expense to the tune of $7,750,000 a year, averaged over the last five years.

Most of the report is addressed to the rural electrification lending operations of REA, which naturally comprises the bulk of its activity since its inception in 1935. As to telephone loans in particular, the report finds that REA, through June 30, 1954, had approved telephone loans of $184,579,000, of which $60,102,000 had been advanced to borrowing cooperatives.

On the subject of administrative expenses, however, the Hoover Commission report finds that the total amount charged to the taxpayers for REA's "housekeeping expenses" (which are quite aside from the amounts made on loans which are recoverable at 2 per cent interest over the term of the loans) for the years 1935 through 1954, came to $78,667,000. In 1954 alone, REA's administration expenses amounted to $7,284,000, plus interest on funds borrowed from the Treasury, resulting in a net loss of $5,480,000 for the fiscal year 1954.

These administrative expenses, of course, are not recoverable and will never be paid back, nor any part or interest thereon. It is an absolute gift to the borrowers for services performed by the government lending agency.

The report finds fault with the general policies of REA loans in the following language:

"The financial plans developed for the borrowers of the Rural Electrification Administration assumed that the physical plant once financed would require little if any further change and that earnings would be used to meet debt service charges.

"However, these plans have been found to be inadequate because an electric distribution system constantly requires replacement of parts of the system, and increased usage necessitates an increase in the capacity of the system.

"The additional financial demands for these purposes by the cooperatives have been met for the most part from additional Rural Electrification Administration loans.

"The financial setup of the cooperatives does not make adequate provision for such rates for power or telephone service to enable them adequately to build up reserves, and provide for extensions or replacements.

"Under this method of financing, the government has subsidized the sale of electric power to the members of the cooperative associations at considerably less than its economic cost, the subsidies being provided in the following ways:

"(1) The charging of interest at 2 per cent per annum which is about one percentage point less than the interest which the Treasury must pay on long-term issues to provide the money.

"(2) The granting of the five-year moratorium period with a delayed payment of interest which results in an effective rate of return of even less than 2 per cent.

"(3) Granting exemption from all federal taxes (in some states these bodies are exempt from all or some local taxes).

"(4) Providing the administrative expenses, which in the past five years have averaged about $7,750,000 annually, from federal funds."

The report concedes that some por-

tions of these subsidies are justifiable in the early stages of service extension to a given area. But it concludes that the time has come, in view of the virtual completion of its initial and primary job of making electric power available to farmers, to put REA on a self-supporting basis. The press statement accompanying the release of the report states on this point:

"With 92.3 per cent of all farms electrified as of June 30, 1954, it is the commission's belief that the time has arrived for the reorganization of the Rural Electrification Administration into a self-supporting institution securing its own finance from private sources in a manner similar to that of other agencies."

The accompanying table shows the breakdown made by a condensed review of REA's fiscal operations from 1934 to 1954 as shown in the report.

Loans of the Rural Electrification Administration
(As of June 30, 1954)

Type of borrower	Number of borrowers	Total amount approved	Purpose		
			Distribution systems	Generation and transmission	Consumer facilities
Cooperatives	983	$2,733,803,540	$2,210,280,763	$502,173,057	$21,349,720
Public power districts	45	117,707,503	94,351,959	22,891,106	464,438
Other public bodies..	26	22,223,213	19,523,923	2,699,290	.....
Private power companies	25	12,197,843	10,454,066	1,743,777	.....
Total 1,079		$2,885,932,099	$2,334,610,711	$529,507,230	$21,814,158

All this, of course, is the report of the full Hoover Commission, which in turn was based, in part, upon a report filed with the commission by a task force, headed by Paul Grady, president of Price, Waterhouse & Co., the nationally known auditing firm. Whether Congress will do anything about this report remains to be seen. It is this writer's opinion that nothing will be done about it at this session of Congress. There is certain to be a lot of screaming on the part of the many friends of REA in Congress over the very idea of putting that agency on a self-supporting basis. But at least the Hoover Commission's report does show in black and white, and in indisputable figures, just how much REA is costing the general taxpayer for the benefit of the farmers. As long as that policy is understood and agreed to by the representatives of the people in Congress, nothing much more can be said.

It is noteworthy that the commission's report fails to recommend any specific increase in the interest rate on REA loans as forecast by a recent newspaper gossip columnist, and by a recent resolution of the National Rural Electric Cooperative Association, commenting upon the task force's report which is to be made public at a later date.

The Hoover Commission report also failed to say anything about restricting REA loans to projects which private industry is unwilling to undertake. NRECA's resolution forecast that such a restrictive recommendation would be made.

As a matter of fact, the report as a whole—that is to say, covering all the lending agencies represented—is simply an effort to get these multitudinous lending and banking bureaus into some semblance of order and usefulness. For the past three decades they have been established and are growing like Topsy without much supervision and checking for changing needs or requirements. Some of them, the Hoover Commission finds, have served their purpose entirely and should be liquidated. These include: 12 Production Credit Corporations; Agricultural Marketing Act Revolving Fund; Federal Farm Mortgage Corp., and Loans for College Housing.

Others, including the REA, the Hoover Commission finds, should be reorganized or mutualized to make them self-supporting and "to assure better management and to merge them into the private enterprise system." These are: Banks for Cooperatives, Federal Housing Administration, Federal Intermediate Credit Banks, Federal National Mortgage Association, and REA.

As to still other federal agencies, which must be continued on a basis which is not self-supporting, the Hoover Commission suggest that they report to Congress each year the total amount by which their earned income failed, in the previous year, to cover total costs, including operating expenses, interest on government loans equal to that on the public debt, and other proper charges. Along with REA, the Hoover Commission report proposes that the following agencies should be brought under the Government Corporation Control Act: the Small Business Administration; Veterans Life Insurance, and Housing and Home Finance Agency.

Depreciation Practices

It is always gratifying to learn when commentary in this department strikes a responsive chord, especially when ideas expressed appear to be corroborated by additional, actual experience elsewhere. A recent instance of this was the commentary in this department (TELEPHONY, issue of Jan. 22), concerning the depreciation practices of the British Post Office in connection with the operation of the telephone system in Great Britain.

Readers may recall that this article had to do with an analysis of the British telephone depreciation practices in *The (London) Economist.* It was there stated that the British Post Office officials had found out that, for a number of years, accrual of depreciation on an original cost, straight-line basis of amortization was not only unrealistic, but also getting the system more and more in the hole. British fiscal officials found out that the telephone service was living on its own capital and falling progressively behind every time property had to be replaced. As a result, the British Post Office has been boosting the ante for depreciation accruals by a tidy sum, which *The (London) Economist* said was still far less than the true requirements for maintaining the integrity of the operating property—quite aside from new capital needed for expansion and improvements.

Now comes from Stockholm, Sweden, a very interesting letter by a Swedish government telephone official who read TELEPHONY's comments on the British Post Office's practice. It appears that the Swedish Telecommunications Administration has discovered the same vice in the original cost depreciation practice which the British Post Office officials discovered. (But which some of our American regulatory authorities cannot seem to discover.) The Swedish authorities have gone about their fiscal reforms more forthrightly than the British. They have definitely placed the depreciation accruals on a replacement cost basis.

The letter from Stockholm, signed by Hans A. Heimburger, director of the financial division of the Swedish Telecommunications Administration, states in part:

"In connexion with the information concerning depreciation practice in the British Post Office given in issue No. 4 of your journal it might interest your readers to know that in the Swedish Telecommunications Administration allowances for depreciation are since July 1st, 1951, made on the basis of

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THE PLANT MAN'S Notebook

by Ray Blain, Technical Editor

WE EXAMINED a new telephone exchange the other day that was modern in almost every respect. However, one thing that we did not approve of was two trap doors in the floor of the dial switching equipment room to provide entrance to the cable vault. The floor was covered with asphalt tile and although new it was already seriously chipped around each of the trap doors.

One seldom enters a cable vault after a new exchange is completed, and when it is necessary to do so, we doubt the necessity of dragging cable splicing equipment through the equipment room to make the entrance. In our opinion, a much better plan in buildings without basements is to extend the cable vault through the building foundation wall for a few feet and provide a special large manhole cover with a permanently installed ladder to make entrance to the vault. Or, in special cases, a stairway and stairs may be required. It is believed, however, that in practically all cases the special manhole cover and ladder will suffice.

• • •

The Connecticut Safety Commission estimates that it costs $205,533.94 to replace 937 utility poles knocked down by automobiles and trucks in that state in one year. In this connection, the commission comments as follows:

"In these auto versus fixed object accidents, it is safe to conclude that the motorist has no one to blame but himself."

We learned recently, also, of a small town that posted signs along streets as follows: "Our poles strike back only in self defense."

While it is true that if motorists maintain a safe speed and stay on the highway they will not strike poles, it is likewise true that roadside poles are not always properly located. We have knowledge of one case in which a certain pole was knocked out by autos three times in as many months. Then the pole was moved about 30 ft. and it has not been hit since. This would seem to prove that it pays to locate roadside poles with care. And even then, they may sometimes be hit by a wild automobile.

• • •

Extension light cords always serve a useful purpose around any telephone exchange. The average cord tangles easily though and generally causes considerable difficulty unless it is coiled up properly and hung up each time after having been used.

There is now available an extension cord reel that should make quite a hit in any telephone exchange. This reel may be equipped with either 20, 30 or 40 foot extension cords. The neoprene covered cord is kinkproof and is pulled out like a window shade. After using, the cord can be run back on the reel automatically. This arrangement is neat and safe and the cord is always available for instant use.

• • •

It seems a pity that the proper maintenance of PBX telephones in hotels is so often neglected.

We tried to make a toll call from our room in a large city hotel the other day and experienced real difficulty. The telephone was an old type, the receiver and transmitter were weak and the cord noisy. It would appear doubtful if this station has had an inspection in years. It seems apparent that telephone operating companies would realize that the present day travelling public frequently prefer to place toll calls from their hotel rooms, and that the maintenance of PBX telephones is just as important as any station on their system.

• • •

In a recent letter, D. E. McGregor, president of the Nebraska Central Telephone Co., Gibbon, had the following to say with reference to the problems of noise caused by snow and dust static on rural and toll lines:

"We have this condition to contend with nearly every winter and one of my local managers measured 450 volts to ground and 900 volts between lines running in opposite directions. This indicates that the two lines had opposite potentials at the office.

"This type of trouble occurs only on metallic magneto lines and sometimes the potential builds up so fast that it is impossible to count the discharges to ground on the main frame and substation arrestors.

"We save old 1000-ohm ringer coils to connect across affected lines at the main frame. The midpoint between the two coils is connected to ground so as to drain off static and make use of the lines possible."

• • •

It would appear that the new type gloves made of plastic-impregnated material should prove ideal for telephone linework. These gloves provide a perfect non-slip grip and are ideal for applications requiring flexibility and dexterity.

It is claimed that this type of glove will outwear canvas 4 to 1 and that it costs less, but often outwears goatskin. It has no offensive odor, no thick-and-thin spots and does not get slick. They are liquid repellant, yet permit the hands to breathe. They are cool and comfortable to wear.

Special vinyl coated gloves also give excellent resistance to abrasion. Their non-slip finish insures safe grip, wet or dry. These gloves may be obtained with knitted wrists or gauntlet type.

• • •

Receivers left off the hook by careless subscribers frequently cause expensive trouble for operating telephone companies. Inexpensive howler units are available on the market today which in practically all cases, will cause the subscriber to replace the receiver without an expensive visit of the troubleman. In this unit, an electronic oscillator is provided to generate the alternating current frequency neces-

sary to cause a subscriber's telephone to howl and telephone relay circuitry is utilized to provide automatic control of the howler output and lamp supervision.

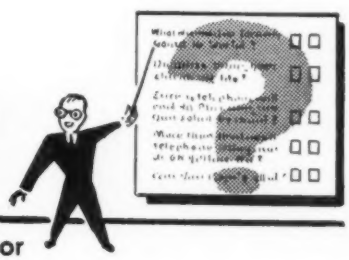
The frequency of the electronic oscillator has been selected well within the voice range frequencies to insure response of the telephone with a minimum of power output. The equipment is designed to transmit an adequate signal within the limitations of a dial switchboard, i.e., into a 6-db exchange with a maximum of 1000-ohm subscriber loops. The howler presents a 500-ohm coupling to the telephone plant at its output frequency.

A standard 115/125-volt, 60 cycle, single phase input is required to power the oscillator and 24 or 48-volt exchange battery to operate the relay controls.

A set of clips is provided so that the howler may be connected direct to the offending line at the main frame if this arrangement is desired; or it may be wired to standard cords and operated from any position of the switchboard. To use, the operator merely plugs the special cord, which is connected to the howler, into the jack of the offending line. The red lamp lights and the unit transmits the tone. When the green lamp lights, indicating that the receiver has been replaced, the operator removes the plug from the line jack and momentarily operates the normally closed key to extinguish the green lamp.

We are firm in our conviction that this unit could be used to advantage and would pay dividends in many exchanges, large and small, not now howler-equipped.

PLANT MAN'S QUIZ



by RAY BLAIN, Technical Editor

Q. What type of cordless switchboard is considered suitable for installation in a small business concern?

A. The equipment manufacturers all have cordless switchboards that will prove entirely adequate for this purpose. A 10 or a 20-line switchboard equipped with four or five trunks and links usually will prove adequate for the average small business company.

If the local line loops are over 200 ohms, they should ordinarily be equipped with line relays. Operating limits of the exchange trunks are generally about 400 ohms. These switchboards are available for either 24 or 48-volt operation.

• • •

Q. Will you please explain the negative impedance type of voice frequency repeater?

A. This repeater is of the series type. When inserted in a telephone line, the effect is to cancel a portion of the positive impedance in the line. This permits delivery of a higher signal level at the end of the line for a given signal input.

One voice frequency repeater of this type is provided with adjustable controls for varying the gain and equalization. These controls facilitate the adjustment of the repeater gain to satisfy the requirements of a particular application and also simplify the installation of the repeater by permitting greater latitude of the impedance network.

The gain of this repeater depends upon the extent to which the negative impedance generated by the repeater simulates the impedance of the lines to which it is connected.

One of the elements that restricts gain of the repeater is the presence of reflections on the line due to impedance irregularities. It is claimed that under optimum conditions the gain of the repeater may be as high as 10 db but never more than one-half of the loss of the circuit in which it is connected.

No special power supply is required as this unit operates directly from the 48-volt central office battery.

• • •

Q. Frequently, on inside wiring jobs we find it necessary to make a run of several pairs of twisted pair wires. How may this best be accomplished to make a neat and serviceable job? We have tried tacks and bridle rings, but customers often complain about the appearance of such an arrangement.

A. It is suggested that, instead of using several pairs of house wire run parallel, you make use of small plastic-insulated and jacketed cables. This cable can be obtained in various sizes from six to 26 pairs. It may be stapled neatly in place. Also, small terminals may be connected at convenient locations for the required distribution.

• • •

Q. Will you please explain the difference between AMA and CAMA in connection with the nationwide customer toll dialing plan?

A. First, let me state that the term "customer toll dialing plan" is now obsolete. In a recently completed AT&T company study of terms that might be applied to the customer dialing of long distance calls, seven names were selected for public testing. The term which was best understood and most favorably received by the public was "direct distance dialing."

Since this term appears to communicate best the idea of customers dialing long distance numbers and also seems to carry the important connotation of speed, it has been adopted for general use throughout the Bell System in all types of media.

With AMA, the customer simply dials the desired number, and the recording of the call is entirely automatic, including automatic identification of the calling number.

With CAMA, the procedure is the same except that expensive automatic calling number identification equipment is eliminated by a circuit arrangement that cuts in an operator. This operator ascertains the calling number, dials it into the recorder, and then drops off.

• • •

Q. Is it considered necessary to treat both the walls and ceiling with sound absorbing material in order to properly reduce noise in a manual switchboard room?

A. This may be done if considered necessary, but in most cases treating the ceiling only is considered adequate.

Acoustical tile of various types now on the market can be used advantageously for this purpose.

• • •

Q. The covers on several of our glass jar storage battery cells are lifting along one side and breaking the compound seal between the cover and the jar. What action should be taken to correct this condition?

A. We believe that this is probably the result of the growth of the positive plates, and we doubt that it will seriously affect either the life or the service of the battery.

However, it is suggested that you consult the manufacturer of this battery and follow the advice given.

Working With People

By GILBERT R. BRACKETT

PART VIII

IT ISN'T DIFFICULT to learn a routine. All it takes is study and persistance. We have routines for about every kind of work in the business—

Routines for operating.
Routines for construction.
Routines for maintenance.
Routines for accounting.
Routines for business office management.

We can be as expert as the best in any of these departments if we choose to and have the patience and will to study the job.

But learning to work with people successfully, knowing them, is an entirely different matter. If we spent a life time studying human beings we could never say, "I am expert in dealing with people. I'm an expert at treating people the way they want to be treated." That's why our job of supervising is a very important and fascinating one.

We might expect that two people with the same education, the same I. Q., with the same instruction, the same training course, and the same length of experience, would develop the same way and with the same degree of speed, but they don't.

This is where the human element enters the picture and confuses the issue. One person has self-confidence and gets along much better and faster than another. One may like the work and is very enthusiastic about it, while another isn't quite sure about what he wants to do and is holding back a bit.

It just isn't in the books for us to know exactly how some people are going to react to different situations in which they find themselves, particularly those newly assigned to us—even to us as a person. One may think we are tops and cooperate with us in any way that he can, while the fellow at his side may not agree with him at all and become a problem person.

There is a definite pattern to reaction, but it takes a lot of time and hard study before we can predict reaction with any degree of certainty. That is where the supervisor fits into the scheme of a smoothly running organization. His training and experience will help you a lot in dealing with your people.

Your supervisor and his assistants stand in the same relation to you that you do to your people. The best way for your people to learn the job is by asking questions. When they are inquisitive, it shows they are interested in their work. It shows, too, they have confidence in the person to whom the questions are directed. We should think of our relation with our supervisor in the same way.

We don't seem to have any fear of asking questions about a job routine matter — practices, methods, etc. — but when it comes to queries about our personnel, for some reason or other we get the idea that there is no need to ask questions.

PERMISSION TO REPRINT

This is the final installment of Mr. Brackett's articles entitled "Working With People." In reply to many requests for permission to reprint these articles, we are happy to grant this permission to any company desiring copies for distribution to their supervisors.

How are we going to realize that we need help? If we have a person who resents something we say to him, does it mean we need help? If one of our employes does not respond to our suggestions and fails to progress—do we need help here? If there is someone we find it difficult to like, would our supervisor or his assistants be able to help in analyzing the reason why?

We want to be sure that our employes enjoy their work. If they stay with us, it is one indication that they are happy on the job.

Sometimes a person shows a preference to work under our supervision. This preference is fine if it's because we have been pleasant and a square-shooter to everyone. If it's because we let people do pretty much as they please, then it is not good. Our main objective should not be to have our people like us, for that is not being fair to the job or to others on the force. Our object should be to have each person so sold on the job that he is happy in his work and anxious to do as nearly a perfect job as he can possibly do.

Never be reluctant to ask advice from your supervisor at any time. Tell him about your problem and how you are planning to handle it. Perhaps he will have a suggestion to offer.

One of the chief responsibilities of your supervisor is to train you to carry on your duties effectively, with dispatch and in the easiest, most pleasant manner. The more you ask him for help, the more you will please him. Just as you are pleased and made happy when your people show confidence in you by asking your assistance.

As service people we must recognize that the quality of a product depends, in a great measure, on the skill of the individual who makes it. And while there are differences of opinion as to the fairness of methods by which information relating to skill is obtained and used, the fact remains that competence and "know-how" are qualities in which both supervisor and employe have a common interest. Our aim, therefore, must be one of helping our workers to develop better products through methods best suited to the job at hand.

As a supervisor, you should develop in your people an appreciation of their position in the scheme of things and lend all the aid possible toward an attainment of the better over-all job.

Conclusion

Our job as supervisors is a combination of the use of technical and non-technical equipment plus working with people.

The technical side is covered by practices and instructions. The personnel or "human relations" side of the job we find a little more difficult because

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MODERNIZATION KEY to Success, Kentuckians Told

By R. C. RENO

ALL TELEPHONE companies, particularly the smaller and medium-sized ones, must keep abreast of and adopt new and up-to-date operating methods and equipment if they are to stay in business, G. B. Foscue, Jr., president of the Kentucky Independent Telephone Association, told the 200 delegates attending the association's annual convention on Mar. 1 in Lexington.

Mr. Foscue, who is general manager of the Consolidated Telephone Co. of Florence, Ky., warned that no company, regardless of size, can continue to render poor and inadequate service. The public will not tolerate such service, in the light of the many other new appliances, conveniences and services they enjoy today and with the increased tempo in American life, calling for rapid and dependable communications, he said.

In their programs of rehabilitating their plants and in maintaining good service, managements of telephone companies must see to it that all employes, old and new, have every opportunity to learn all phases of the telephone operating business, Mr. Foscue recommended. He suggested that one pertinent source of such information is the industry's trade journals and he urged that companies consider taking sufficient subscriptions to these magazines so that employes can read them on a current basis.

"The days of any telephone company that does not render good service and does not see that its employes are well-trained and well informed about the telephone business are numbered, and there can be no mistake about that," Mr. Foscue concluded.

Following Mr. Foscue's address, Association Secretary-Treasurer J. A. Reitze of Elizabethtown, Ky., gave his report which showed the association has been active in behalf of Kentucky Independents and indicated that the association is in sound financial condition.

Leon F. Roberts of Washington, D. C., recently appointed Director of Information of the United States Independent Telephone Association, presented a report of the activities of the national Independent association dealing with industry affairs on a national level. He particularly emphasized the USITA national advertising program to acquaint the general public about the Independent industry and he urged that all Independent companies support the program. He said:

"Advertising doesn't cost—it pays.

"Why advertise? Because you have something to say about your business that should be widely known. Any firm has little legitimate reason for being in business—and faint hope of staying in business—that feels it has nothing worth saying about itself.

"Advertising is communications. Advertising is the cheapest form of business communication ever devised. Advertising is a specific means of communication, as a letter, a telephone call, or a salesman's call.

"Why advertise? Well, why telephone?

"Advertising is public relations. The national advertising program was launched by your association as part of a planned public relations program —a long-range program—designed to create universal good-will for the Independent telephone industry, and that means good will for every Independent telephone company—large, medium and small—in the land.

"Bank Financing for Telephone Companies" was the topic of an address by R. F. Hardy of New York City, assistant cashier of The Chase National Bank.

Mr. Hardy explained the part banks play in making short-term stand-by construction loans to telephone companies to enable them to complete rehabilitation and expansion programs until they can effect permanent long-term financing.

"Subsequent to World War II, however, we have seen the greatest demand

Officers and directors of the Kentucky Independent Telephone Association. Seated, left to right: D. B. CORMAN of Louisville, vice president; D. H. LLOYD of Lexington, president; H. J. WRIGHT of Elizabethtown, vice president; S. S. LONG JR. of Lexington, vice president, and J. A. REITZE of Elizabethtown, secretary-treasurer. Standing, left to right: G. B. FOSCUE JR. of Florence; W. R. BACON of Glasgow; M. V. SHEPHERD of Ashland; HUBERT BUSH of Somerset, and H. J. HUETHER JR. of Lexington.

Attending the Kentucky convention are those pictured in these two groups. Left photo, left to right: W. K. SHELL, P. H. McCRORY, EWING FLYNN, C. H. GREEN, PAUL ROSSITER and H. J. HUETHER JR. Right photo, left to right: W. R. BACON, H. B. THOMSON and W. L. WOLFF.

for capital on the part of utilities in all time. Growth in the demand for service in urban and suburban as well as rural areas has been unprecedented in history. In fact this accelerated pace has been with us so long now, it almost begins to seem normal. Reports from some quarters during the past year of declining demand were, I believe, only a temporary lull in the continuing postwar growth pattern," Mr. Hardy said. He continued:

"Nearly five years ago, as a result of the experience and predominance of The Chase National Bank in the field of public utility finance, leaders in the telephone industry, including certain state public utility commissioners, urged Chase to make more of its facilities available in order to assist Independent telephone companies, both small and large. Aid was urgently needed in solving the financing problems resulting from this postwar growth. In responding to these requests, it was realized that the fundamental principles involved in telephone financing did not differ appreciably from those inherent in other utility financing, and that, as shown by past experience in the electric and gas industries, bank loans could perform a function in, and be a part of, many telephone company financing programs.

"Making bank loans to a utility, especially one that is growing rapidly, involves considerations differing widely from the common type of loan to commercial and industrial enterprises. While the latter frequently can expand substantially with earnings and depreciation funds alone, an expanding utility must also obtain funds from outside sources. This has long been true of the electric and gas industry and the larger telephone companies, but it has only been in the last several years that service demands have made it necessary for the smaller telephone companies to seek outside capital.

"In the postwar period, Chase has entered into agreements to make loans to about 200 telephone companies located in 30 states, coast to coast. Many banks throughout the country, in the service areas of these companies, are participating with Chase in these loans, while still other banks have made loans independently to other companies. We have continually encouraged banks in Independent service areas to participate in this field, in fact local banks are participating in something over one-third of our credits. We feel that both the telephone and banking industries are best served when the telephone company's local bank has a stake in its future."

Mr. Hardy also described the pension plan for Independent telephone companies and their suppliers which the Chase bank has formulated in cooperation with the United States Independent Telephone Association. Mr. Hardy urged Independent companies desiring to inaugurate pension programs to get in touch with the USITA or the Chase bank.

In one of the most down-to-earth demonstrations, Ben Franklin of the Louisville headquarters of the Southern Bell Telephone & Telegraph Co., explained to the delegates the intricacies and operating features of customer long distance dialing. With the use of maps upon which imaginary toll calls were traced, Mr. Franklin gave his listeners a vivid picture of the advantages of customer dialing, both to the public and to telephone companies.

In an address entitled "Merchandising—Our Biggest Job," A. F. Boyd of the General Telephone Co. of Kentucky, emphasized the need for all Independent companies to formulate programs to sell all types of services and facilities which will produce sorely needed revenue and to effect greater earnings on telephone plant in service. He divided his discussion into three topics—(1) Why sell; (2) What to sell, and (3) How to sell.

He said telephone companies had to sell because they have reached, or are reaching, the end of their held orders for service and because effort must be made to offset diminishing earnings. Also, he said the industry must overcome the good job it did during the war in selling the public on using telephone service sparingly and not to request additional services and facilities, because of wartime shortages.

He listed many services and facilities which can be sold today without the necessity of installing additional plant which will stretch present plant and bring better service to the public and, at the same time, increase revenues and

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This group of chief operators and operators of the Southern Continental Telephone Co. attended the Kentucky meeting. Left photo, left to right: HADGIE ROLLINS, BOBBIE NANCE, BESSIE KEEN, LORENE CRAWFORD, MARY READ. Right photo, left to right: MINNIE ASPLEY, OLGA WILLIAMS, EDNA HUDGINS and IRENE HARTNETT.

Public Utility Regulatory Trends in State Capitals

By ***BETHUNE JONES***
TELEPHONY Correspondent

CURRENT and prospective legislative developments affecting public utilities, as reported from state capitals throughout the country, include the following

Arizona

A legislative proposal, sponsored by Rep. Robert Wilson of Maricopa, would force the Arizona Tax Commission to assess public utilities at "full cash value" for property tax purposes.

Wilson also introduced another bill that would require the Arizona Corporation Commission to consider a utility's assessed valuation as prima-facie evidence of its valuation for rate-making purposes.

Under terms of the first bill, "full cash value" would be the amount of investment claimed by a utility in asking for a rate increase.

The second bill would double check on the first by requiring the commission to use the assessed valuation, set by the state tax commission under the first bill, as the company's investment for rate-making purposes.

The figure presented to the state tax commission by a utility would be used as its plant investment for rate-making purposes by the state corporation commission. The figure used for rate-making purposes would be a prima-facie evidence of the utility's property valuation for tax purposes.

These figures now differ because a utility can present to the state tax commission, for tax purposes, a valuation lower than the one it presents to the state corporation commission for rate-making purposes.

Arkansas

A bill which proponents said would increase from 30 to 120 days the period utilities must wait before putting rate increases into effect under bond was enacted by the Arkansas Legislature.

Another measure, passed by the Arkansas House and at this writing awaiting state senate action, would eliminate the bond clause altogether and prevent utilities from increasing rates until after hearing by the Arkansas Public Service Commission.

Also passed by the house and sent to the senate was a bill to prohibit the inclusion of advertising and public relations expenditures designed to promote a rate increase, in the operating costs going into utility rate bases.

Still pending in the legislature at this writing were bills which would:

Require telephone companies to provide service on demand by making such utilities subject to action by the state commission if they refused to "supply all applicants for telephone connection and facilities without discrimination within 10 days after written demand therefor."

Provide for appointment of the commission by a board composed of the state's six constitutional officers; and prohibit utilities from charging fees for late payment of monthly bills.

Colorado

Proposed legislation would require utilities to pay all or part of the cost of their regulation by the Colorado Utilities Commission. One measure would provide that utilities pay the full cost of such regulation, while another bill would require that utilities pay three-fourths of the cost, with the balance to come from the state general fund.

Iowa

A state legislative proposal would create a state public utilities commission, which would be substituted for the present state commerce commission, and would be empowered to regulate such matters as rates and financing. Private and municipal utilities and rural electric cooperatives would come under the proposed agency's jurisdiction.

Maine

Revision of the procedure for regulating public utility rates was sought by a bill introduced in the Maine legislature with the backing of Governor Muskie.

The measure would delete the words "current value" which now are included in the formula which the Maine Public Utilities Commission must consider in rate cases.

Maryland

Legislation was scheduled for consideration in Maryland to carry out recommendations of the state commission to revise and recodify the public service commission laws which, among other things, proposed that adequate service be made an essential element in determining rates charged by public utilities.

In a report made public last year, the study group, headed by Albert L. Sklar, Baltimore attorney, also spelled out the general powers of the commission to prescribe and enforce standards of "safe, adequate and efficient service" for various types of utilities.

The commission's proposed formula for determining a rate base for utilities, a controversial issue in Maryland for many years, represents a compromise between the present "fair value" method and that of "original cost."

The recommended new rate base procedure would eliminate from the law the questionable term "fair value," but would allow the commission, in determining rate bases, to weigh evidence of appreciation and depreciation due to economic trends, at its discretion. Provision for judicial review in cases of abuses would prevent this discretion from being arbitrary.

Massachusetts

In his message to the Massachusetts Legislature, Governor Herter recommended that a comprehensive study be made of the feasibility of putting utility lines underground.

Bills introduced in the Massachusetts Legislature of utility interest included proposals which would:

Impose a fine of $50 to $500 for refusal to give up a party line telephone for use in event of emergency. This bill was signed into law on Mar. 1 by Governor Herter (TELEPHONY, Mar. 12, p. 38).

Authorize appointment of a $10,000-a-year economist and research consultant to aid the state department of public utilities in rate cases.

Give a $3,000-a-year pay raise to each of the members of the state public utilities commission and its chairman.

Require that one of the five state utilities commissioners be a person experienced in labor relations and consumer problems.

Minnesota

Measures introduced in the state legislature included a proposal for the creation of a 10-member state legisla-

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tive interim committee to study operation of the Minnesota Railroad & Warehouse Commission and make recommendations for changes.

Missouri

Proposed legislation would increase the salaries of state public service commission members from $8,500 to $12,000 a year.

Montana

Substitution of a state commissioner of public utilities for the present Montana Railroad & Public Service Commission was proposed by a bill introduced in the Montana Legislature by Sen. LeRoy Anderson.

Under the terms of the measure, the commissioner would be appointed by the governor for a four-year period and would be subject to removal by the governor after a public hearing. The governor would fix the commissioner's salary between $12,000 and $15,000 annually.

Nebraska

A legislative proposal, sponsored by Senators Peterson and Bixler, would direct the Nebraska Railway Commission to collect up to $200,000 of fees each year by special assessments against all common carriers and public utilities which it supervises.

The special assessment would be based on gross revenue which each utility collects from its Nebraska operations and could not exceed one mill per dollar. The money would go to meet expenses of the commission, which now is supported largely from the state general fund.

New Mexico

In his message to the New Mexico Legislature, Governor Simms urged approval of legislation aimed at more stringent and efficient regulation of public utilities.

"You are well aware, I am sure," the governor told the lawmakers, "that the last legislature created an interim committee charged with the responsibility of drafting recommendations regarding control by the state of public utilities. I am sure you are aware also that this committee, after diligent study, has produced a bill which would have the effect, among other things, of combining New Mexico's corporation commission and the public utilities commission which now share divided responsibility for controlling and regulating utilities. The bill also has as an objective the placing of the burden of proof in rate cases upon such utilities if such burden does not now rest upon them, and to authorize such a combined agency to suspend for the purpose of review rates to be charged by public utilities.

"I request of you most serious consideration of the report of the interim committee and favorable action on legislation designed to achieve the goal sought by the committee."

North Dakota

Proposed state legislation would increase the salaries of members of the North Dakota Public Service Commission from $5,000 to $6,000 a year.

Ohio

In his message to the Ohio Legislature, Governor Lausche reiterated his advocacy of revision of the state's existing rate basis formula for public utilities.

"I urge," he said, "the enactment of legislation which will repeal the present rate-making law and substitute therefor a method which will test the reasonableness of utility rates . . . on the basis of what the company actually needs . . ." (TELEPHONY, Jan. 1, p. 17).

A bill to carry out the governor's recommendation was introduced in the state legislature (TELEPHONY, Feb. 5, p. 40). It would give the state public utilities commission power to fix rates under which utilities could earn reasonable returns, maintain and support credit, and attract necessary capital. It would remove the present requirement that rates be figured on reproduction cost new less observed depreciation.

Other bills introduced in the Ohio Legislature include a proposal which would remove administrative authority from members of the commission and place it in the hands of a $10,000-a-year public serivce administrator named by the governor.

Another bill would set up penalties

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REA APPROVES LOANS IN TWO STATES

The REA made two loans totaling $836,000 for improving and extending telephone service in rural areas of Tennessee and North Carolina, the U. S. Department of Agriculture announced on Mar. 8. Details follow:

Millington (Tenn.) Telephone Co. on Feb. 28 received an allocation of $527,000, a third loan. The borrower, presently serving Shelby County, plans to use the loan funds to expand its service into adjacent Tipton County.

The company will acquire the system of the Munford Telephone Co., now furnishing common battery and magneto service to 464 subscribers, rehabilitate it and integrate it into the present Millington system. About 128 miles of new line will be constructed and 52 miles of line rebuilt. A site will be purchased and a new automatic central office constructed in Munford replacing the common battery and magneto facilities.

The rehabilitation and new facilities will enable the borrower to furnish improved service to the existing subscribers and to serve 781 rural families now without telephones in the expanded service area of the Millington system.

A total of 4,438 subscribers, including 3,393 new ones, will receive service in the two counties as a result of the three REA loans, totaling $1,643,000. The Millington exchange was cut over in October, 1954, and about 1,500 subscribers are now receiving dial service in that section of the system. Service without toll charge will be available between the two exchange areas of the Millington company. In addition, the Munford subscribers will be able to call the town of Covington without toll charge.

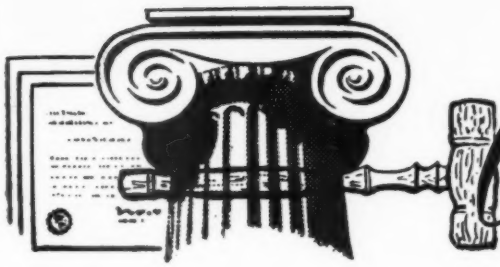
W. S. Howard is president and W. W. Newman Jr., is manager of the Millington company.

* * *

Eastern Rowan Telephone Co., Granite Quarry, N. C., on Mar. 2 was granted an allocation of $309,000, third loan to this borrower. The company plans to use these loan funds to finance the construction of 102 miles of line and other facilities to provide modern dial service for 876 subscribers not included in prior loans. In addition, the funds wll be used to complete the system as authorized under the first two loans. The unusual demand for telephones is due mainly to increased housing construction in the service area.

The three REA loans, totaling $732,000, will enable the borrower to furnish new and improved service to the 2,226 subscribers in Rowan County. The completed system will consist of 226 miles of line.

J. E. Fisher is president of the Eastern Rowan company.



Courts and Commissions

S. D. Company with REA Loan Gains Dial Rate Approval

The application by the Independent Telephone, Inc., Aberdeen, to the South Dakota Public Utilities Commission for increased rates upon conversion of each of the company's eight exchanges to dial operation, was approved on Mar. 4.

On Dec. 19, 1950, an REA loan allocation of $640,000 was authorized. This allocation was later increased by $96,000.

Following are the newly authorized dial rates:

One-party business	$9.00
Two-party business	8.25
One-party residence	5.75
Two-party residence	5.25
Four-party residence	4.75
Rural, multi-party	5.50
Service stations (minimum of five stations per line)	1.50
Excess mileage charges:	
Per ¼ mile or fraction thereof, per each subscriber:	
One-party	.70
Two-party	.40
Four-party	.25
Local paystation calls	.10

V V

Montana Court Rules Attorney General May Challenge Rates

Power of the state attorney general to challenge the validity of public utility rate increases granted by the Montana Public Service Commission was upheld on Mar. 7 by the Montana Supreme Court.

Unanimous opinions by the high state tribunal sent back to the district court two companion cases for trial on their merits. The cases were instituted by State Attorney General Arnold H. Olsen in an attempt to nullify a telephone rate raise for the Mountain States Telephone & Telegraph Co., and a gas rate raise for the Montana Power Co. Both rate increases had been approved by the Commission in 1953.

Attorney General Olsen claims the increased telephone rates are bringing Mountain States $1,288,300 a year in Montana.

The Lewis and Clark County District Court at Helena had ruled in both cases that Attorney General Olsen lacked the right to make an appeal because he did not show himself to be a party in interest.

Written by Justice Albert H. Angstman, the supreme court opinion in the telephone case said:

"The action taken by the attorney general, questioning the unreasonableness and lawfulness of the rates, is a proceeding affecting public interests and properly maintainable by him."

The court further said that since public interest is affected, "the state is a party in interest, and the attorney general under the broad powers given him by the common law may represent the state in the litigation.

"Furthermore, aside from the public interest generally, allegations are made to the effect that the state and its institutions are required to pay what is alleged to be an unlawful and unreasonable rate. That is sufficient to show the interest of the state.

"It is contended," the opinion said, "that since the attorney general is the attorney for the public service commission, he may not take action questioning its decisions.

"This is not a new thing in the judicial history of the state. The attorney general formerly was a member of the Montana Board of Equalization, and yet brought court proceedings against the board to compel the making of certain assessments."

Citing a New Jersey case in which the governor had ordered that state's attorney general to enter a public utility case, the Montana court added:

"In this state no such order either from the governor or the board of examiners or any other board is necessary as a condition precedent to action on the part of the attorney general which he deems necessary or advisable to protect the interests of the state and the public interest."

V V

Florida Commission Gives OK To Trial Rate Raise

The Florida Railroad & Public Utilities Commission on Mar. 9 authorized the North Florida Telephone Co. to charge higher rates in several communities on a 12-month trial basis.

An order by the commission said the company is acquiring exchanges of the Florida Telephone Corp., Ocala, in 10 communities at a cost of $555,000 and plans to convert these and three new exchanges to dial operation.

To do this, the order, said it will be necessary to borrow 2½ million dollars from the Rural Electrification Administration and attract $468,100 in equity capital.

The commission said it is unwilling to make a final order but would hear the case again after a 12-month trial of the rates.

The order added "it is apparent from the evidence before the commission that some increases must now be allowed to become effective at each exchange as it is converted to dial."

It directed that the company post a $5,000 bond for each exchange to cover any future downward adjustment of the rate.

The commission authorized the one-party residence rates: $5.50 at Alachua, Crescent City, Hastings, High Springs and Jasper; $6.00 at Branford, Fort White, Jennings, Lake Butler, Mayo, Wellborn and White Springs, and $6.50 at Live Oak.

V V

Nebraska Independent Given Permission to Raise Rates

The Wynot Telephone Co. was given permission on Feb. 24 by the Nebraska Railway Commission to increase exchange service rates. The following new rates become effective in April or May when the exchange is converted to dial operation:

	Present	*Proposed*
One-party business	$3.00	$5.25
Two-party business	——	4.50
One-party residence	2.00	4.00
Two-party residence	——	3.25
Rural	2.00	3.25
Service Station	.75	1.25

The company does not employ a prompt payment discount plan and all rates are on a net basis.

The Wynot exchange serves 200 customers, of which 67 are service station subscribers.

Prior to the application, customers were interviewed and signed cards indicating their choice of service if proposed rates were approved. A number of subscribers stated a preference for

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a lower grade of service. Taking this down-grading into consideration, the new rates will produce an estimated $210.50 additional gross revenue. The company will also experience a reduction in toll revenue of about $492 annually as a result of discontinuance of toll operations. This service will be provided by the Northwestern Bell Telephone Co. at one of its exchanges.

The conversion to dial service will eliminate about $2,500 annually in traffic expense. However, other expenses such as maintenance will be increased and the company proposes to increase other salaries. Plant investment will also increase and taxes will be raised due to higher valuations placed on company property and to an increase in mill levies.

Under the new rates, total operating revenue is estimated to be $10,011 and expenses, $8,012 exclusive of taxes estimated at $464. This will result in a net return per year of 4.04 per cent upon a proforma adjusted net book rate base of $38,035. This base includes plant yet to be added before completion of the dial conversion, working capital and an allowance for materials and supplies.

V V

NW Bell to Buy Independent

On Mar. 7 the Minnesota Railroad & Warehouse Commission authorized the purchase of the Anoka Suburban Rural Telephone Co. by the Northwestern Bell Telephone Co.

North Carolina Independent Asks Bond Sale, Rate Raise

The Denton Telephone Co. on Mar. 7 asked the North Carolina Utilities Commission for permission to borrow $60,000, sell 160 shares of stock and increase its rates.

The company, which has 227 customers in Davie County, said the additional revenue is needed to convert its system to automatic operation.

It asked for permission to charge the following rates after conversion is completed: one-party, business $7.50, residence $4.75; two-party, business $6.00, residence $3.75; four-party and multi-party, business $5.00, residence $3.25.

It asked for "interim rates" somewhat lower pending the conversion to dial service.

The company's stock has a par value of $25 per share and 45 shares are now outstanding.

V V

Wisconsin Co-Op Gets Go-Ahead to Buy Five Independents

Approval of the sale of five small telephone companies to the newly formed Vernon Telephone Cooperative was announced on Mar. 4 by the Wisconsin Public Service Commission.

The cooperative has obtained a $525,000 loan from the REA to construct the rural telephone system in Vernon and Crawford counties.

Automatic exchanges at Liberty Pole, Red Mound, and Romance will serve 650 customers. Cost of the system is estimated at $531,968.

The cooperative has arranged to buy the Ferryville and Nash Ridge Telephone Cos., Ferryville; Bad Axe Telephone Co., Genoa; Pleasant Ridge and Liberty Pole Telephone Co., Viroqua.

V V

Gambling News By Telephone Outlawed in Congressional Bill

Sen. Estes Kefauver of Tennessee has introduced a bill to prevent telephone and telegraph facilities from being used to carry gambling information, it was reported on Mar. 11.

The bill also would prevent radio and television stations from carrying mutuel prices on a horse race until an hour after the end of the race.

V V

General of the NW Files Revised Rate Schedule

General Telephone Co. of the Northwest, Spokane, announced on Mar. 9 that it has filed revised schedules of tariffs for telephone service with the Washington Public Service Commission. The proposed changes in rates relate to toll and exchange services, and special services, and are designed to compensate for higher wage levels and other increased costs of operation experienced in the last three years.

Company officials report that Gen-

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A Lesson In Socialism

(Reprinted from *The Mouthpiece*, Pennsylvania Telephone Corp.)

AS A TEACHER in the public schools, I find that the socialist-communist idea of taking "from each according to his ability," and giving "to each according to his need" is now generally accepted without question by most of our pupils. In an effort to explain the fallacy in this theory, I sometimes try this approach with my pupils:

When one of the brighter or harder-working pupils makes a grade of 95 on a test, I suggest that I take away 20 points and give them to a student who has made only 55 points on his test. Thus each would contribute according to his ability and—since both would have a passing mark—each would receive according to his need. After I have juggled the grades of all the other pupils in this fashion, the result is usually a "common ownership" grade of between 75 and 80—the minimum needed for passing, or for survival. Then I speculate with the pupils as to the probable results if I actually used the socialistic theory for grading papers.

First, the highly productive pupils—and they are always a minority in school as well as in life—would soon lose all incentive for producing. Why strive to make a high grade if part of it is taken from you by "authority" and given to someone else?

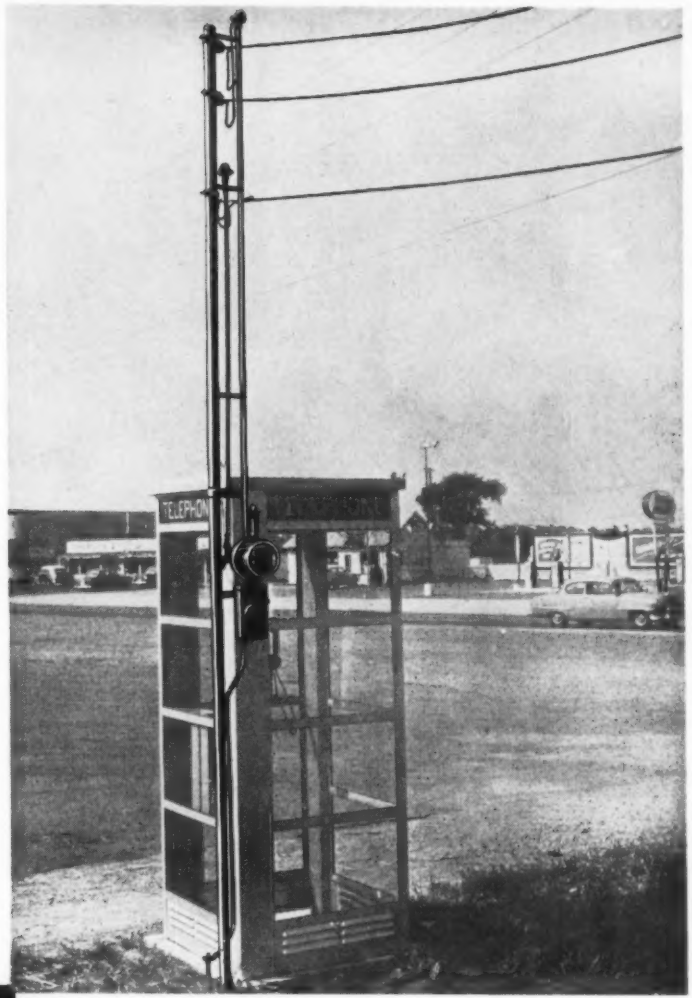
Second, the less productive pupils—a majority in school as elsewhere—would, for a time, be relieved of the necessity to study or to produce. This socialist-communist system would continue until the high producers had sunk—or had been driven down—to the level of the low producers. At that point, in order for anyone to survive, the "authority" would have no alternative but to begin a system of compulsory labor and punishments against even the low producers. They, of course, would then complain bitterly, but without understanding.

Finally I return the discussion to the ideas of freedom and enterprise—the market economy—where each person has freedom of choice, and is responsible for his own decisions and welfare.

Gratifyingly enough, most of my pupils then understand what I meant when I explained that socialism—even in democracy—will eventually result in a living-death for all except the "authorities" and a few of their favorite lackeys.

A letter from Thomas J. Shelly, teacher of Economics and History, Yonkers High School, Linden and Poplar Sts., Yonkers 2, New York.

Installs in minutes...



Utility SERVICE CO., INC.

RACINE, WISCONSIN

SERVICE ENTRANCE MAST

FOR OUTDOOR TELEPHONE BOOTHS

Model TBM Service Entrance Mast provides complete service entrance facilities for outdoor telephone booths with the definite plus advantages of lower cost and easier installation. Raises power lines for specified ground clearance. Looks better, lasts longer, costs less than any comparable installation.

LOOKS BETTER—The TBM Mast is engineered for the job. Adds to the appearance of any style booth. Finished to your color specifications.

LASTS LONGER—Heavy gauge steel tubing throughout. Rust-Oleum finish rust-proofs mast for lifetime service. Only heavy duty fittings used.

COSTS LESS—Actual installations show savings up to two-thirds over conventional pole and 4"x4" installations.

WRITE for illustrated brochure, complete specifications and prices.

FITS ALL MODELS OF OUTDOOR BOOTHS

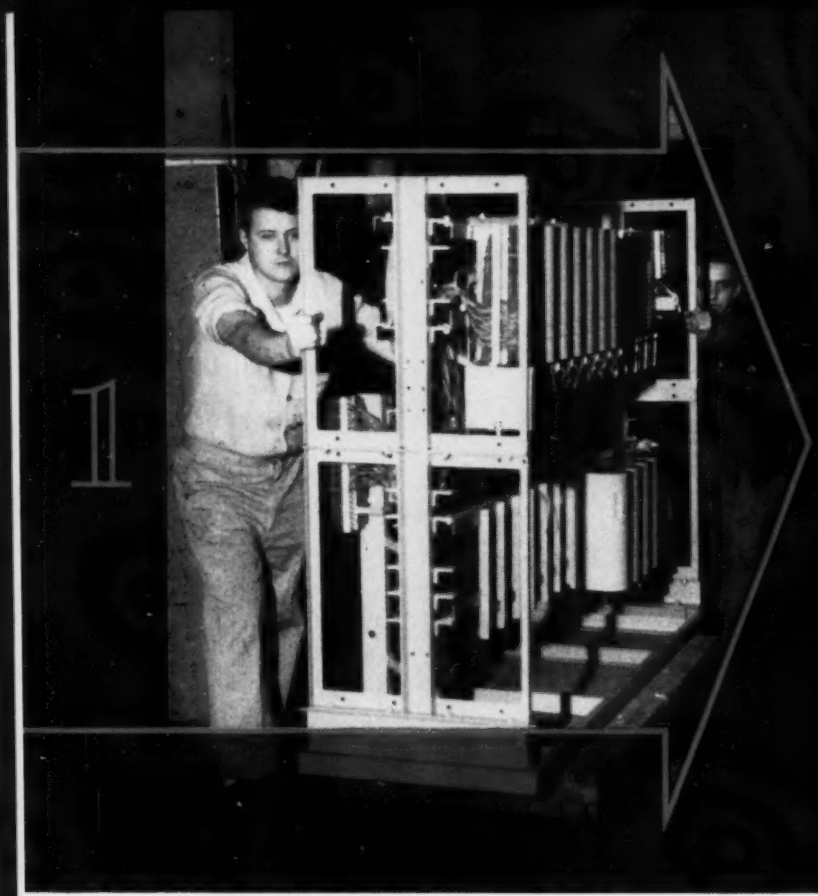
LINE LOADING
Actual tests have shown that the TBM Mast greatly exceeds all existing requirements. Write for our test results.

VERSATILITY
The basic TBM Mast is available in any height and with any combination of components.

PORTABILITY
TBM Mast can be moved easily. Remove entire unit from groundsleeve. Drive new ground sleeve at new location.

NOTE: Special equipment available to specifications.

UTILITY SERVICE CO., INC., RACINE, WISCONSIN

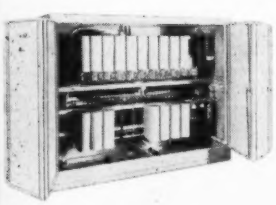


Out of stock comes the board you ordered...
(no waiting for manufacture!)

...into a box it goes...

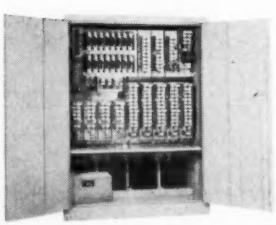
P-A-B-X: *you sell it.*

When you sell P-A-B-X service today,
you can tell the subscriber
he'll have the equipment in short order.
Automatic's new delivery schedules
are quick!



TYPE 50B P-A-B-X

50-200 telephones, any number of conversations at once. Attendant cabinet.

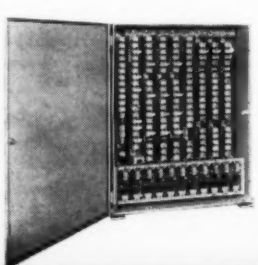


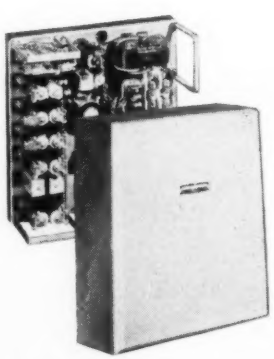
TYPE 33A6A P-A-B-X

Up to 20 telephones, 9 conversations at once (4 inside, 5 outside). With or without attendant cabinet.

TYPE 95 P-A-B-X

Up to 12 telephones, 6 conversations at once (3 inside, 3 outside). No attendant required.





TYPE 85 P-A-B-X

Up to 10 telephones, 3 conversations at once (1 inside, 2 outside). No attendant required.

...and on its way to you in no time flat!

...it...we ship it...FAST!

Now an Automatic Electric P-A-B-X can be earning money for you 'way before you ever dreamed it could be shipped! There's no waiting for manufacture on most P-A-B-X's. We give you prompt shipment that will delight both you and your subscribers—and pave your way to additional P-A-B-X business!

Besides the models shown here, we have others to fill every conceivable need. Just specify your requirements and we'll fill the bill, both as to equipment and services. Components are the same as used in M-A-X and C-A-X central office equipment. Automatic's P-A-B-X's are proved low on operating cost, proved simple to maintain, proved *dependable.*

Do you need result-getting sales letters to help you sell P-A-B-X? —or interest-arousing direct-mail circulars?—or a manual that guides you through every sales step? They're all contained in our big P-A-B-X Sales Kit! Many telephone men have found this kit a wonderful help in bringing in new P-A-B-X business. Write for the free literature you need today—then get out and sell!

Address: Automatic Electric Sales Corporation, 1033 W. Van Buren St., Chicago 7.

AUTOMATIC ELECTRIC

Build your Business with Automatic P-A-B-X's

eral's last rate increase was authorized by the commission in 1952 and that the company has granted two general wage increases to employes since that time, the last effective Mar. 1 of this year. During the same period other costs have increased, particularly those related to large capital expenditures made by the company in connection with its program of expanding and improving telephone services.

The requested increase totaling about $300,000 would add only approximately $138,000 per year to the company's income, it was noted, since nearly 54 per cent of the total amount would be turned over to the federal and state government in the form of taxes.

General operates 37 exchanges in the state of Washington.

V V

Operators Inspired to Verse When Dial "Takes Over"

Dec. 28 was a momentous day at Ohio Consolidated Telephone Co.'s New Bremen exchange, since on that date it was cut over to automatic operation.

The picture shows "the old gang" gathered around the switchboard.

Left to right: ALMA J. HEIL, ANNA KUEST, LORRAINE BLANKE, NORMA HIRSCHFELD, HILDA BROERMAN (rear), BERNADETTA HEIL (front seated), HELEN SCHROER (rear), GECIENA HALSEMA (front seated), IRENE BAY and ELIZABETH HALSEMA.

The four veteran employes of this group: Misses Hilda Broerman, Geciena Halsema, Elizabeth Halsema and Anna Kuest, retired under the company's pension plan. Miss Bernadetta Heil transferred to the company's St. Marys, O., toll center office, and the tenures of the remainder of the operators were terminated in accordance with the provisions of the union agreement.

Such an occasion gives rise to considerable emotion, as many readers know, and two of the operators were moved to put their sentiments into poetry. Norma Hirschfeld had been with the company for only two years, but apparently that was long enough for her to sense the feeling of the four veteran operators, one of whom, Anna Kuest, with over 32 years of service, likewise "spilled" into verse. Both poems were published in the St. Marys *Evening Leader*. And here they are:

"Number Please" Is Heard No More

by *Anna Kuest*

A telephone exchange we have no more,
The room is empty, and they've closed the door,
The board which served twenty-four hours each day
For thirty-five years, now is put away.
Now no more "Number Please" they'll hear us say
But use the dial now, that's the new way.
We've heard some say they'll miss the human touch,
They've been so used to it, and it meant so much,
We too will miss the voice we no more hear,
Some voices we have heard for many a year,
For some folks it seems rather hard to try
The new way, but they'll like it by and by.
Now we the operators one and all
Would like to thank all those who made a call
Or wrote a friendly note in which they'd state
That what we've done they did appreciate.
We've only done our duty, but were glad
When we were told good service they had had,
Sometimes we've tried subscribers' patience too,
When we were slow in getting their calls through.
If only all mistakes that we have made
Will be forgiven then we'll feel well repaid.
Our service here is ended and we'll say
Goodbye—and may God bless you every day.

Dial Replaces Telephone Operators

by *Norma Hirschfeld*

Today is a momentous day
One which we'll long recall,
For today the dial replaces us,
Succeeds us, one and all.

But there are four among us
Who have long been at their station;
For their years of tireless service
They deserve a great ovation.

They've seen the seasons come and go
While seated at the board.
Endured their private trials and woe
While handling plug and cord.

While the world revolved through wars and peace,
Prosperity, depression—
The oft-repeated "number please"
Was their favorite expression.

They've worked while awesome thunderstorms
The might of God displayed;
They've worked while lightning frighteningly
Across the switchboard played.

They've worked while winter snowstorms
Made hectic days and nights.
They've worked until their arms ached
From answering endless "lights."

I wonder just how many calls
Their busy fingers sped,
The phrases "BY" and "DA"—
How often have they said?

The wondrous lessons that they've learned
Can never be ignored.
They've learned forbearance, patience, tact,
While working at the board.

Armed with qualities like these
To help their fellowmen,
Their days of busy usefulness
Need never, never end.

So, though from where they're standing
This may seem the final inning,
It's really not the end at all,
It's only the beginning!

V V

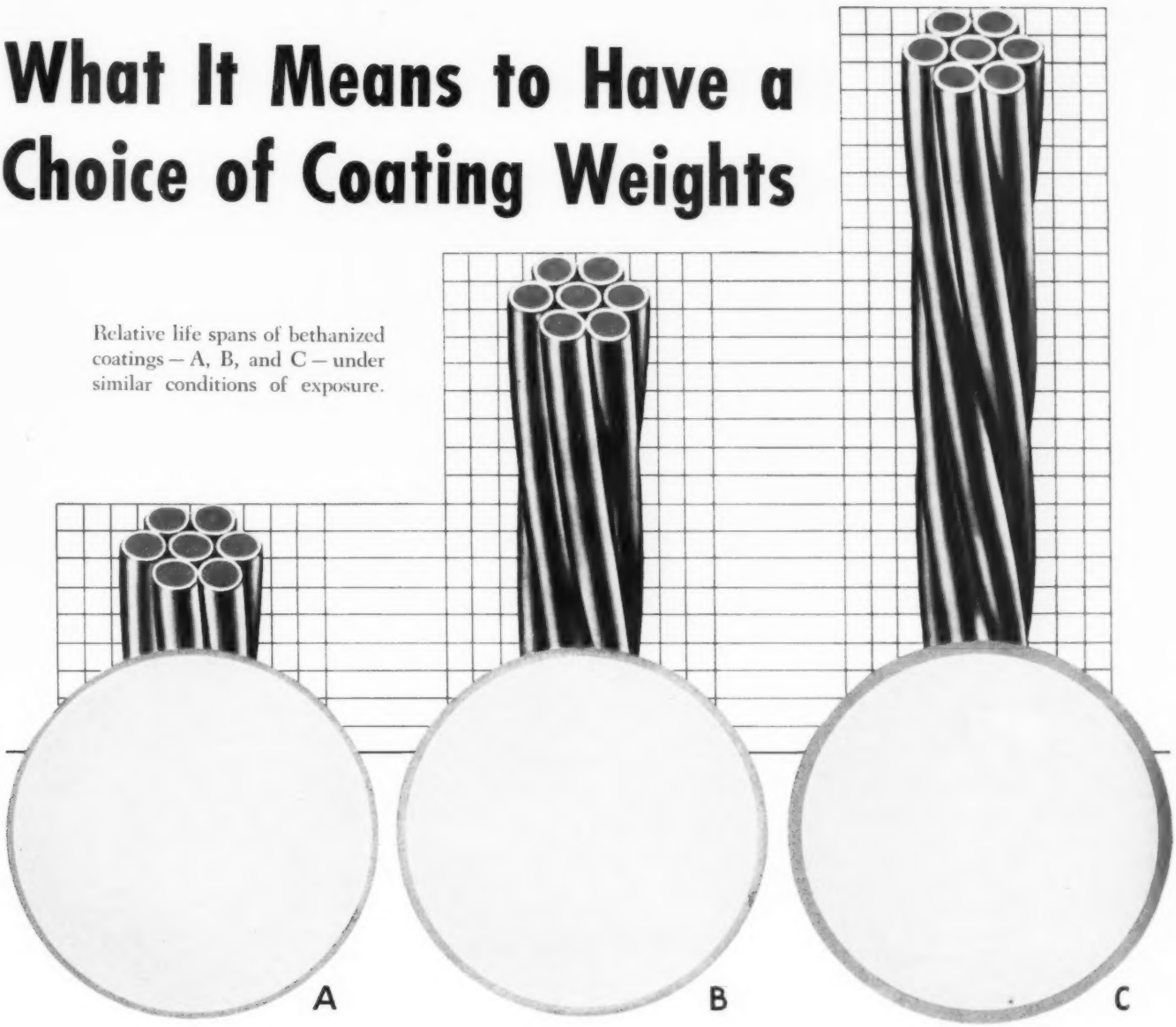
India Opens New Automatic Exchange; Plans Expansion

A new 2,500-line automatic telephone exchange has been opened at Bangalore, India.

During the cut-over, the communications minister announced plans to provide one telephone for every 1,000

What It Means to Have a Choice of Coating Weights

Relative life spans of bethanized coatings — A, B, and C — under similar conditions of exposure.



For a good many years (fortunately, they're ancient history, now) line designers were limited to an extra-galvanized zinc coating when they specified steel strand. If the strand lasted as long as the line, well and good. If not, it had to be replaced.

That expensive situation was largely corrected when Bethlehem developed its bethanized strand, and made three choices of coatings available. Bethlehem's coating A is equal to extra-galvanized; coating B is twice as thick as A; coating C, three times as thick as A.

In all three cases the *quality* is identical. The only difference is in the weights.

So which coating should you select for your particular installation?

That depends on the life-expectancy of the line as a whole. In many cases, the A-weight is entirely satisfactory; but for the long-term jobs, one of the heavier weights of coating is the logical choice. Being thicker, both B and C will outlast A by years, under similar conditions. Yet these heavier coatings cost *very little more.*

By specifying bethanized strand with the proper coating-weight, you can easily match strand life to line life. It's an economical step, to be considered by every line designer. May we give you full details?

BETHLEHEM STEEL COMPANY, BETHLEHEM, PA.

On the Pacific Coast Bethlehem products are sold by Bethlehem Pacific Coast Steel Corporation
Export Distributor: Bethlehem Steel Export Corporation

BETHANIZED STRAND

BETHLEHEM STEEL

Representatives of the 23 Florida Independent telephone companies and the Southern Bell Telephone & Telegraph Co. on Feb. 2 attended a ceremony in the office of Florida's governor, LeRoy Collins, commemorating the installation of the one-millionth telephone in the state (TELEPHONY, Feb. 12, p. 40). The first telephone was installed in Florida 75 years ago and 500,000 of the present 1 million telephones were connected during the past six years. President J. N. Johnson of the Florida Telephone Association presented Governor Collins with a red handset telephone in commemoration of this momentous milestone in the telephone business in Florida. One hundred fifty representatives of telephone companies and Florida Railroad and Public Utilities Commission and state and other dignitaries attended a luncheon following the presentation ceremony. LEFT PHOTO: with Governor Collins, who is making the first call over his new handset, are, left to right: J. N. JOHNSON, C. J. YATES, GOVERNOR COLLINS, W. C. KING, E. W. BROWN and BLAIR C. STONE. Among the officers and directors of the Florida Telephone Association, attending the ceremony, are those shown in the RIGHT PHOTO, left to right: OTTO WETTSTEIN III; HUGH C. MACFARLANE; JO POPPLETON, secretary-treasurer; E. L. COX; M. L. BARRE; BLAIR C. STONE; MAX WETTSTEIN; RALPH MANER; CARL D. BROREIN; J. N. JOHNSON, president; J. K. GALLOWAY; C. D. BROREIN JR., first vice president; MRS. ALLENE DREW CANTEY; MITCHELL N. DREW, second vice president; W. A. BROWN; R. W. SHRINER; E. M. MENENDEZ and J. L. SHARIT.

persons in India. At present there are approximately 220,000 telephones, or an average of one telephone for every 17,000 persons.

In addition, the communications minister stated that all district headquarters in India are to be provided with a telephone exchange by the end of 1955.

V V

Newly Organized Co-Op to Link Nine Alabama Communities

A new telephone cooperative in Alabama which eventually will serve nine Sand Mountain communities, went into operation the first week in March, with 153 customers.

The new company, the Sand Mountain Farmers' Telephone Cooperative is designed to handle around 1000 telephones.

The automatic system, when completed, will link Sylvania, Henagar, Ider, Flat Rock, Fyffe, Dawson, Crossville, Geraldine and Rainsville.

Heading the new telephone cooperative are Cecil Hodges, manager; Mrs. Hazel Lewis, secretary and Jack Webster, resident engineer.

V V

Safety Council Offers Giant Accident Prevention Banners

Now, you can get your safety message in king size!

The National Safety Council has added a giant-size accident prevention banner to its stable of safety training aids. The banners, 10 feet long by 3½ feet deep and printed in two brilliant colors, point up practical safety slogans with attention-getting drawings.

The banners come in two styles—one for indoor and the other for outdoor display. The indoor style is made of heavy display duck and has eight metal grommets for ease in mounting. The outdoor style is made of extra heavy duty duck, specially weatherproofed and vented, and has full length ropes stitched in top and bottom for secure fastening. Both styles are the same size and are printed in signboard inks that are guaranteed against fading for a minimum of 30 days.

Twelve banners—one for each month of the year—are available on an annual subscription basis. Each new banner is shipped by the 15th of the month preceding its scheduled use.

For a flyer showing miniatures of many of the banners in full color, and for information on prices, write the National Safety Council, 425 N. Michigan Ave., Chicago 11, Ill.

V V

Iowa Independent Plans to Convert System to Dial

Verne B. Clarke, operating vice president of the Fort Dodge (Iowa) Telephone Co., recently announced plans for the conversion of the company's Fort Dodge exchange to automatic operation.

Conversion is to begin in July of this year and continue until the entire system has been cut over to automatic —probably late in 1956.

The automatic conversion is the major phase of a $1,026,664 modernization and expansion program to be carried out by the company. Of the total expenditure, $688,764 will be spent during 1955 and $337,900 during 1956.

V V

Illinois Bell Again Sponsors Basketball Tournament

The largest television audience in the history of high school athletics was expected to view the four final and semi-final games of the "Sweet Sixteen" state high school basketball tournament on Mar. 19, it was reported on Mar. 14.

It was estimated that the games, sponsored for the fourth straight year by Illinois Bell Telephone Co., would have a total TV audience of more than 2½ million.

V V

Over-the-Horizon Microwave Chain Planned for Canada

A new microwave radio relay system for a defense line in northern Canada will be constructed by the Bell Telephone Co. of Canada, the company president has announced.

This new system, known as an "over-the-horizon" system, is formed of relay stations at 150-mile intervals which will force signals over the horizon. It will span remote areas of northern Canada where water or wide stretches of difficult terrain have to be covered. This is in contrast to the present "line-of-sight" communication chains in which the relay points are only 25 to 30 miles apart. Operation of the new type of transmission will require 10,000 to 20,000 times as much power as the present system.

A "line-of-sight" microwave system already is in operation for transmitting telephone and television on the Buffalo-Toronto-Ottawa-Montreal-Quebec route. A chain is being constructed between Toronto and Winnipeg to transmit television programs and to handle as many as 20,000 telephone circuits.

Another microwave relay system between Toronto and Windsor—operated by the Canadian Pacific Railway and the Canadian National Railways—carries telegraphic traffic and television.

V V

>> It has been said that when you make the job important, it will return the favor.

Current stockmarket reports via Peatrophone . . .

Improve customer service, promote broker's name

Never underestimate the value of Peatrophone service to a broker! Through Peatrophone, he can make current stockmarket prices available to customers at the flip of a telephone dial.

On-the-spot recordings can be made as often as necessary to reflect market changes—and if he wishes, the broker can use this same record to invite customers to call the firm's regular number for specific prices or to come in for a consultation.

Peatrophone stockmarket reports not only improve customer service, but also serve as a unique advertising medium to promote the firm name. Its ability to make on-the-spot recordings, its ease of operation and its low monthly rental charge make Peatrophone a "growth potential" investment for every broker on your list.

Call on the brokers today—and of course, don't forget our old friends the dairies, the laundries, the drug stores, the real estate offices and the dry cleaners —every one a potential *source of new revenue for your company!*

Write today for complete information and literature on Peatrophone—your new source of revenue.

Note: Selective harmonic ringing subsets now available—all frequencies.

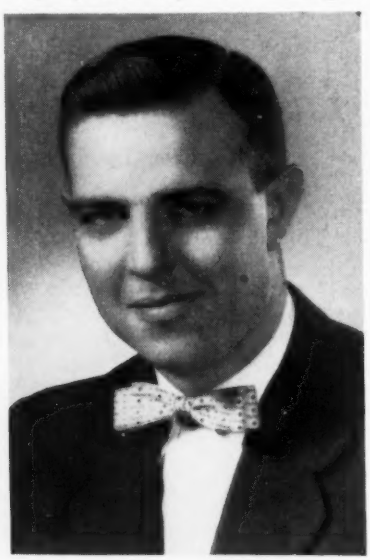
TELEPHONE ANSWERING & RECORDING CORP.
342 Madison Ave. New York 17, N. Y.

President B. H. Piepmeier and General Manager B. P. Stalter of the Community Telephone Co. of Wisconsin called a dinner meeting recently at Black River Falls of all cashiers and combinationmen at 15 exchanges in the central and western districts to talk about merchandising of telephone facilities and services. After the dinner, officials of the company outlined the program for 1955. The company program was supplemented by talks by Frank Sauer and Mr. McGuire, commercial and plant managers, respectively, of Wisconsin Telephone Co. at Eau Claire. Seated (right to left): B. H. PIEPMEIER, president; B. F. STALTER, general manager; JOHN T. SAMDAHL, auditor, all of Black River Falls; FRANK SAUER, Eau Claire; MATTIE BUTTON, Melrose; ISABELLA JANKE, Alma Center; LILLIAN SANROPE, Osseo; CLARA ENGER, Ettrick; EUNICE TOWNER, Trempealeau; MAYME KELLS, Galesville, and JESSIE BARNEY, Fairchild. Standing (right to left): LEO ELLIS, district manager, Arcadia; DONALD MARCY, Black River Falls; ALVIN LEE, Whitehall; MAURICE TURNER, Black River Falls; MR. McGUIRE, Eau Claire; MAURICE MEHLTRETTER, Galesville; WILLIAM SAGEN, Arcadia; D. F. PARSONS, district manager, Walworth; MERLE DAHL, Blair, AGNES BUTTON, Black River Falls; C. H. CADBY, district manager, Black River Falls; FLORENCE HESS, Arcadia; OSCAR SEVERSON, Galesville; ELSIE PISCHKE, Whitehall; ELIZABETH STAFF, Black River Falls; CARLETON TOWNER, Trempealeau; HERBERT SUKOPP, Hixton; GEORGE DAVIS, Black River Falls; NEAL DUXBURY, Black River Falls; HAROLD HANSON, Osseo, and ROBERT TEEPLES, Black River Falls.

Lincoln T&T Announces Executive Appointments

Appointments to executive and managerial positions in The Lincoln (Neb.) Telephone & Telegraph Co. have been announced by Merle M. Hale, vice president. They are effective Mar. 1.

Paul H. Henson has been named chief engineer to succeed C. C. Donley, who died on Dec. 26, 1954. Howard W. Spahnle succeeds Paul Henson as eastern district manager; and Tyler W. Ryan, formerly area manager at



P. H. HENSON

Tecumseh, becomes commercial engineer at Lincoln. Succeeding Mr. Ryan at Tecumseh is Joseph D. Adamson, formerly district clerk at Hastings. George E. Eggleston, formerly exchange manager at Pawnee City, has been appointed area manager there.

H. W. SPAHNLE

This creates a new area office for the company.

Mr. Henson joined the company in 1942 as a warehouseman at Lincoln. During World War II he was a fighter pilot with the 14th Air Force and following the war served as an officer with the Nebraska National Guard. He returned to the company in 1946 as a warehouseman and became an advanced clerk in the general traffic department later that year. He was named equipment engineer in February 1948, and in July 1948 became junior engineer in the engineering department. He was appointed transmission and protection engineer in 1949 and last year became eastern district manager.

A member of the plant sub-committee of the United States Independent Telephone Association, Mr. Henson has made several appearances as a speaker on engineering subjects at national meetings of that organization. He is a graduate of the University of Nebraska with an M.S. in electrical engineering, and in recent years has pursued a course of study at the University in the fields of physics and mathematics under a research fellowship. He is a member of the Society of Professional Engineers, American Institute of Electrical Engineering,

T. W. RYAN

Institute of Radio Engineering and the honorary engineering and science societies of Sigma Xi, Eta Kappa Nu and Sigma Tau.

Mr. Spahnle joined the company in 1932 as a salesman in the Lincoln business office. During 1935 and 1936

Bucks logs right on the ground. Fast. Quick. Clean. Jaw-grip spike bites into dirt . . . keeps chain up out of dirt. Spike takes thrust of chain . . . prevents logs from rolling or spinning away.

Plunge-bucking speeds clearing operations. Gets into all kinds of hard-to-reach places. Enables operator to work quickly, but safely, in close quarters and on steep slopes.

NEW
CLEARING ATTACHMENT
FOR HOMELITE CHAIN SAWS

Here is a completely new Homelite development that makes a Homelite One Man Chain Saw an even greater time-and-money-saver. Converts the Model 17 Chain Saw into an *all-purpose clearing tool* . . . quickly, easily.

With this highly maneuverable new attachment . . . driven by the 3.5 h.p. engine of the 22 pound Homelite Model 17 . . . one man can do the work of a whole gang of men using saws and axes. He can fell, buck, and limb all small trees and saplings without bending, stooping or chain binding.

On demonstration after demonstration, men who have used this clearing tool agree that here is positively the best thing yet.

Write for a free demonstration.

Manufacturers of Homelite
Carryable Pumps • Generators
Blowers • Chain Saws

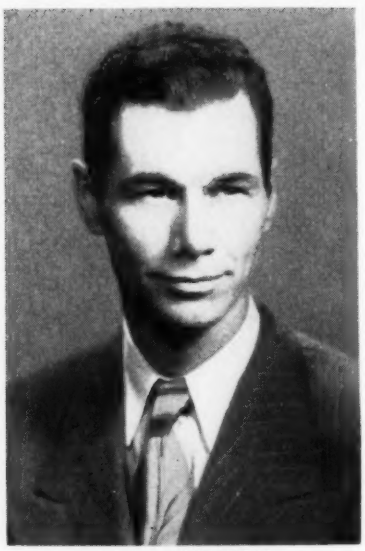
PERFORMANCE · DEPENDABILITY · SERVICE

HOMELITE CORPORATION

1803 RIVERDALE AVENUE • PORT CHESTER, N. Y.

Canadian Distributors: Terry Machinery Co., Ltd., Toronto, Montreal, Vancouver, Ottawa.

J. D. ADAMSON



G. E. EGGLESTON

he was assigned to the Hastings office, returning to Lincoln as a commercial representative. He became directory compilation supervisor in 1946, directory manager in 1950, sales manager in 1951, and in 1952 was appointed commercial engineer on the staff of the general commercial superintendent.

Mr. Spahnle attended the University of Nebraska and is a graduate of the Command General Staff School at Ft. Leavenworth, Kan. During World War II he was a major in the Signal Corps and spent three years in the army, during 13 months of which he was stationed in Alaska.

He is a member of the Frank H. Woods Chapter, Independent Telephone Pioneer Association.

Mr. Ryan joined the company in 1934 as a salesman at Lincoln. He became manager at Milford in 1938, assistant area manager at Seward in 1939, and manager at Humboldt in 1941. In 1942 he was advanced to area manager at Wilber and served there until 1944 when he entered military service. Returning to the company in 1945, he was appointed district clerk at Beatrice and in 1946 became area manager at Tecumseh.

He is a member of the Frank H. Woods Chapter, Independent Telephone Pioneer Association.

Mr. Adamson joined the company in 1946 as an installer and repairman at Nelson. He later worked at Superior and Edgar before becoming manager at Edgar in February 1951. He was appointed district clerk at Hastings in September 1951.

Mr. Egleston has been with the company since 1942 when he was employed as a shopman in the supply department at Lincoln. He became an installer and repairman in 1943 at Beatrice and the following year was transferred to Auburn, where he was stationed until July 1945 when he entered military service for a year. He returned to Lincoln in 1946 and was assigned to work with dial switching equipment, returning to Auburn as an installer and repairman later that year. He became exchange manager at Pawnee City in 1951.

V V

J. F. Novak Becomes Manager Of Bremen (Ind.) Company

J. F. Novak has become the manager of the Bremen (Ind.) Telephone Corp., it was announced on Mar. 2.

Just prior to this, Mr. Novak owned and operated the Yates City (Ill.) Telephone Co.

J. F. NOVAK

In 1941 he started working for Automatic Electric Co. in the installation department. Since then he has been a radio officer during the war in the Merchant Marine, owned a small telephone company in Oklahoma, and spent four years supervising a telephone system for the Creole Petroleum Corp. in Venezuela, South America.

WORKING WITH PEOPLE

Continued from page 24

we have no instructions that will tell us how we should treat the different conditions that we meet in the day-to-day job.

Our objective and our responsibility is to make sure that every employe receives the help and training that he needs to do a good job.

But, there is much more to the personnel side of the supervisory job than just that, so we are going to treat our people in a way that will make them not only want to do a good job but let them get a lot of satisfaction from doing it.

Such a desire to do good can be brought about by:

(1) Having each person realize the importance of his job.

(2) Making the work as interesting as possible for him.

(3) Treating him as we would like to be treated, knowing the person well enough to know how he would like to be treated.

(4) Giving each person under our supervision the courtesy, understanding and intelligent guidance he is entitled to, at the same time making him realize he has a responsibility to carry his share of the work and do it efficiently.

To accomplish all this we need to have imagination to put ourselves in the place of every individual as we deal with them.

Whether or not we have practiced these things in the past by reading and studying these chapters we should be able to apply supervisions with a greater degree of smoothness and with better results than ever before.

If our efforts for self-improvement are continuous and sincere we cannot help but be more satisfied with ourselves as time goes on.

BLESSED is the leader who has not sought the high places, but who has been drafted into service because of his ability and willingness to serve.

BLESSED is the leader who knows where he is going, why he is going and how to get there.

BLESSED is the leader who knows no discouragement and who presents no alibi.

BLESSED is the leader who knows how to lead without being dictatorial—true leaders are humble.

BLESSED is the leader who seeks the best for those he serves.

BLESSED is the leader who leads for the good of the most concerned and

"I'm adding new channels—the easy way"

"We're following the lead of most of America's major telephone companies. We've found that Lenkurt Type 33A Carrier is the least complicated, least expensive, most reliable way to add new channels."

This carrier "proves in" over physical lines—even for distances as short as 10 miles! And with Lenkurt Type 33A *you can start small and expand!* Begin with a single channel, add a second, then a third. Add more Type 33A channels on nearby pairs, and if heavier traffic demands it, add Lenkurt high-frequency systems above these channels, on the same lines.

It's easy to install, too! With Lenkurt Type 33A Carrier, you simply bolt a compact, factory-assembled, factory-tested unit in place; hook up line, power, voice termination, and ground connections—and cut it in! Compare this with stringing new wire—buying the necessary hardware, operating a line crew, rescheduling other line and maintenance work.

It's simple to service and maintain. Standard, low-cost testing equipment and familiar techniques take care of all tests. If you're short of transmission channels—Lenkurt Carrier can provide them with simplicity and ease.

Write for Bulletin T-33A-P20 . . . or consult Automatic Electric carrier engineers for their specific recommendations. Address: *Automatic Electric Sales Corporation, 1033 West Van Buren Street, Chicago 7, Illinois.* OR call HAymarket 1-4300. Offices in principal cities.

Manufactured for

AUTOMATIC ELECTRIC

AUTOMATIC ELECTRIC — A GREAT NAME IN COMMUNICATIONS — **LENKURT**

not for the personal gratification of his own ideas.

BLESSED is the leader who develops leaders while leading.

BLESSED is the leader who marches with the group and interprets correctly the signs of the pathway that leads to success.

BLESSED is the leader who has his head in the clouds but his feet on the ground.

BLESSED is the leader who considers leadership an opportunity.

V V

Continental Telephone Makes Annual Financial Statement

The consolidated net income of Continental Telephone Co. (formerly Telephone Bond & Share Co.) Wilmington, Del., and its subsidiaries, for the year ended Dec. 31, 1954, amounted to $2,142,873 as compared with $1,662,563 for 1953, an increase of $480,310.

During 1954 the company increased the number of outstanding common shares by approximately 50 per cent, primarily through the sale of additional shares, from 644,422 shares to 972,237 shares as of Dec. 31, 1954. The earnings per share in 1954 on the 972,237 shares outstanding at the end of the year amounted to $1.86. Based on 864,207 shares, the average number of common shares outstanding during 1954, the earnings per share amounted to $2.10. In 1953 on the smaller 644,422 shares outstanding, the earnings amounted to $2.07.

The report for the year ended Dec. 31:

	1954	1953
Operating revenues	$34,660,159	$32,307,783
Operating expenses	27,503,762	25,771,853
Federal income taxes	2,530,024	2,542,879
Net operating income	4,626,373	3,993,051
Interest and other charges (net)	1,589,087	1,676,926
Dividends on preferred stocks of subsidiaries and minority interest in subsidiary company	894,413	653,562
Net income	2,142,873	1,662,563

V V

Your one care should be that faith may increase, whether it be trained by works or by sufferings. Give your gifts freely and for nothing, that others may profit by them and fare well because of you and your goodness. In this way you shall be truly good and Christian. —MARTIN LUTHER, in "A Treatise on Christian Liberty." (1520).

REGULATORY TRENDS IN STATE CAPITALS

Concluded from page 28

for failure to yield a party line to another subscriber in an emergency (TELEPHONY, Nov. 27, 1954, p. 42). Sponsored by Senator Delbert L. Latta, the bill provides fines ranging from $50 to $500 and 30 days imprisonment, or both.

Oregon

Proposed legislation would permit the state tax commission to fix the valuation of utility companies for rate-making purposes. The state public utilities commissioner, who sets the rates, now determines the value of companies for this purpose. The tax commision sets the valuation for taxation purposes only.

Sen. Monroe Sweetland, who sponsored the proposed change, expressed belief that lower utility rates would result if the tax commission's valuation were used.

Rhode Island

In his message to the Rhode Island Legislature, Governor Roberts called for the enactment of legislation under which public utilities would be required to pay for part of the cost of operating the state public utility administrator's office, and also would be required to file expansion program proposals with the administrator.

The governor also called for creation within the administrator's office of the position of public counselor to represent the rate-payer in utility rate cases.

"It is my intention," the governor told the solons, "to have introduced two acts providing for more adequate regulation of our public utilities. One act will provide for the assessment of a portion of the cost of operating the office of the public utilities administrator against the several public utility companies and common carriers located in this state.

"The other act provides that every utility shall be required to notify the division of public utilities of any plans or proposals to extend, alter or increase its existing plant. In addition, I shall submit for your consideration legislation to create within the division the position of public counselor whose duty it will be to represent the rate-payer. In my view, a proceeding for a rate increase or decrease is basically adversary in nature and the testimony should be subject to examination and cross-examination in order to assure a complete record and fully to protect the public interest.

"It is properly a function of government to guarantee through good regulation that light, power, communications and transportation are available at reasonable costs both in the present and future.

"The passage of the proposed legislation is vital if we are to have the tools so necessary for the proper regulation of public utilities."

Besides bills introduced to carry out the governor's recommendations, other Rhode Island legislative proposals included a resolution, under other sponsorship, calling for creation of a committee to investigate public utility rates in the state.

Under the probe bill, offered by Sen. Ralph T. Lewis, the committee would be composed of three members. The governor would appoint an engineer versed in utility operations as chairman; the House speaker would name an accountant, and the lieutenant governor would appoint a person with knowledge of property values to make up the investigating group.

Members would be paid for their services within a $15,000 appropriation, and would report their findings to the 1956 legislature.

Tennessee

A bill introduced in the Tennessee Legislature would provide that no public utility organized under state law could merge or consolidate with any other corporation unless the move is approved by an affirmative vote of 100 per cent of the stockholders. Sponsored by the Davidson County delegation, the measure was aimed at blocking a proposed merger of two railroads.

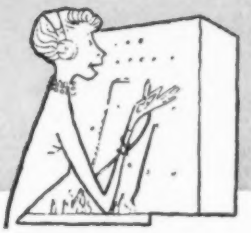
Vermont

Bills pending in the Vermont Legislature include a proposal calling for election rather than appointment of members of the state public service commission.

Send your contributions to the National Society for Crippled Children and Adults, Inc., 11 S. La Salle St., Chicago 3, Ill.

Directoire

hello there!



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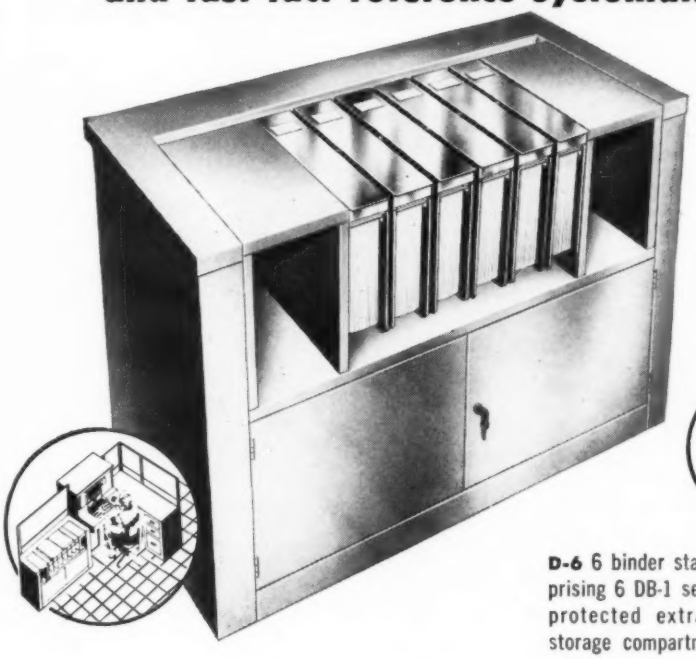


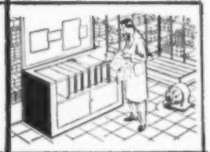
D-6
$135.00

D-6 6 binder stations—comprising 6 DB-1 sections—and protected extra spacious storage compartment.

A new concept in dimension in efficient office procedures that pays for itself...in convenience and savings!

Perfect Telephonette Office.

Inventory, parts control, fast fact finding systems, catalog reference.



Buying offices, installations, time payments, credit, sales.

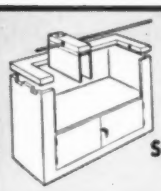
Home, study, library, organizations, executives.

JD-4

JD-4 Mobiler four (4) station **Directoire** for faster desk-side action Silent speed casters.

JD-4
$85.00

JD-4L – as above with letter drawer – **$88.50**



SCHEMATIC VIEW

Make your own arrangement. Multiples of 3 DB-2 for 2 DB-1 or vice versa.

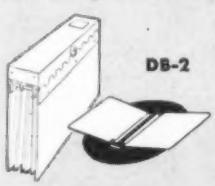
Exclusive ring binder insert for single page supplements available.

BINDER SECTIONS

Binders made of everlasting stainless steel and heavyweight masonite hinged leaves.

DB-1

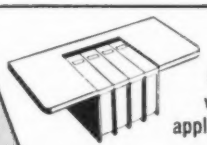
Inside Dimensions 9" h.—2½" w.—11¼" d.



DB-2

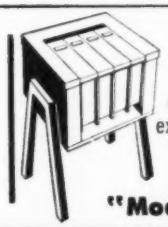
Inside Dimensions 9" h.—1⅜" w.—11¼" d.

Other Models Available



For wall application.

W-4 – $74.95
"Wallster"

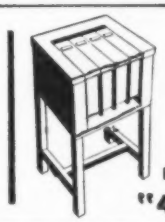


For the contemporary executive office.

MO-4 – $115.00
"Modernette"

For the modern styled office.

M-6 – $125.00
"Moderne"



For reception and fact centers.

FP-4 – $120.00
"4-Poster"

No.	Descriptions	Wt.	Price
D-6	6 stations (6 DB-1)	120	$135.00
D-9	9 stations (6 DB-1, 3 DB-2)	130	155.00
D-12	12 stations (6 DB-1, 6 DB-2)	145	200.00
D-15	15 stations (15 DB-2)	175	220.00

Higher on West Coast

COLOR DETAIL to match installations

Standard grey or green Decor finish —Frost Tan, Frost Green.

No.	Descriptions	Wt.	Price
JD-4	4 stations (4 DB-1)	50	$ 85.00
JD-4L	4 stations (4 DB-1) letter	53	88.50
JD-6	6 stations (6 DB-2)	55	100.00
JD-6L	6 stations (6 DB-2) letter	58	103.50

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XUM

construction and maintenance DIGEST

- **Real cool sitting**
- **Protect sub-stations**
- **Reduce upkeep costs**
- **Cross-arms au jus**
- **Profitable noise**

Published every week to help you get the most out of your materials and supplies dollar

The few dollars you spend on *reliable* equipment today will be repaid a hundredfold in lower maintenance costs for years to come. Protect your investment with the double guarantee offered by Stromberg-Carlson. First, leading manufacturers build this equipment, and guarantee it. Second, because we recommend and sell this equipment to the telephone industry, we *also* guarantee its performance!

Cane-seat chair keeps operators cool, comfortable

Making the operator as comfortable as possible may not strike you as a "maintenance" problem – yet your service is much smoother when the girls are cool and relaxed.

This operator's chair has a cane seat, which is much cooler, cleaner and more comfortable than other types. It retains all the posture advantages for which Sturgis is famed. It is called the Sturgis SC-240.

The posture-curved, well-cushioned backrest is covered in genuine leather.

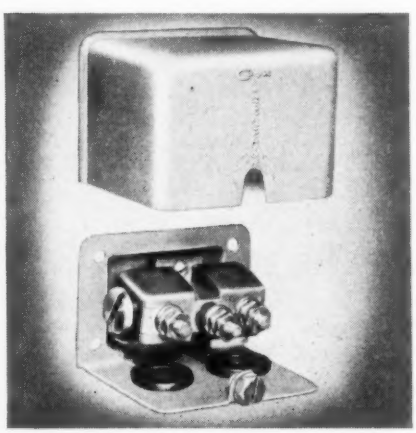
The exclusive Sturgis "Follow-Flex" feature automatically adjusts to the operator's every movement, supports her restfully all the time, discourages fatigue, keeps her at top efficiency.

Other new and welcome features include a plastic-coated steel foot ring which retains its color, and a handy purse holder, available on request. Six seat heights, all adjustable.

The new Cook "Interceptor"

Lower Maintenance Costs—Sounds good, and it is! It's the new "Interceptor," a fuseless sub-station protector made by Cook Electric Company.

The "Interceptor" contains a Bakelite unit having heavy Everdur bussed circuits and ground studs, insert-moulded. It is compact and employs the protection characteristics of the Mini-Gap carbon-to-carbon arrester. There are two



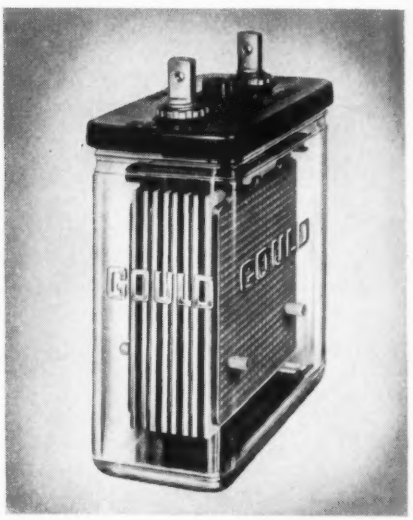
"Interceptor" fuseless sub-station protector

Mini-Gaps used and they will pass, simultaneously, a current of 30 amperes for 15 minutes without destruction in accordance with Underwriters' requirements.

For outdoor mounting, order No. 501-150 "Interceptor," complete with bracket and weathertight cover. For indoor mounting, order No. 501-165 "Interceptor" only.

Battery has lowest yearly cost

There's an easy way to save money on switchgear, signal and alarm systems or emergency light and power applications.



Gould Planté rolls up excellent service records—cuts maintenance to a minimum.

Amazing service records have proved that Gould Planté batteries have the lowest yearly cost of any battery you can use. Pure lead positive plates help make this possible.

For top operating economy, ask your Stromberg-Carlson representative for Gould Planté—the Aristocrat of Stationary Batteries.

What's cooking?

Cross-arms! You get longer life out of them after they've been preservative treated in oil.

One hour at 220°F. in Penta-oil solution is typical pressure treatment for fir arms. Up to 2½ hours on pine. But it adds years to the life of that arm for only pennies additional cost to you.

Or maybe you prefer creosote—pressure or dip treated. American Cross-Arm, Inc. will provide your needs.

Noise can be money!

Take a business subscriber who has a telephone in some extremely noisy location—and who has finally decided to do something about it. Would you rather have him spend money in building a soundproofed booth—or give **you** the money as monthly income on a telephone which completely licks the noise problem?

The GAI-PHONE is such an instrument. It has a special transmitter that actually creates a "Zone of Quiet" around the handset—even in a spot as noisy as a boiler factory! It costs the subscriber **less** than a

booth—and you get the revenue! Ask us for complete details.

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RAPID TAX DEPRECIATION

Continued from page 19

what higher tax rate applied to each of the later years when depreciation deductions are lower would be sufficient to offset the economic gain?

Prediction of rates becomes lost in an infinity of combinations, but, as an indication of how this might work, it appears that, using a money cost of only 5 per cent and with a 30-year life property, a rate of *131 per cent* for *each year* of *lower* depreciation deductions would be necessary to offset the economic gain. This is obviously an impossibility.

Suppose we limit the rate in the *low* depreciation years to the *highest* rate ever yet experienced (including excess profits tax), namely the net rate of *85.5 per cent* in World War II; then to what *lower* rate could the *50 per cent* rate be cut, applied to *all* years of *higher* depreciation without fully offsetting the economic gain?

The answer seems to be about 36 per cent. So with this 30-year property, there could be a tax rate as low as 36 per cent for each of the 15 higher deduction years, followed by a rate of 85.5 per cent for each of the 15 following years of lower deductions, before the economic gain would be entirely lost. With assumed costs of money higher than 5 per cent, the 36 per cent rate would be substantially further reduced. Both economic gains and tax adjustments are discounted for this purpose to "present value," in order to make a fair comparison.

But, of course, this is only part of the story. For, in the case of telephone companies and other utilities, with a fairly consistent annual expansion, there would be an inevitable overlap of tax rates, that is, part of the period of higher depreciation would necessarily fall into the high tax rate years, thus minimizing the impact of the higher taxes.

So, as a practical matter, there would seem to be no reasonable ground for fear that telephone companies would lose their over-all benefits through higher tax rates in future years. In fact, it seems quite doubtful whether even any considerable part of the economic gain will be lost in this manner.

(5) Higher future money costs in years of lower depreciation, when the deferred taxes are to be paid, constitute another possible danger. This danger is greatly minimized in the case of utilities by continuous annual expansion and by the relatively stable money costs applicable to their securities. With only a 20-year life and a 5 per cent cost of money in all the higher depreciation years, a 28 per cent money cost would be necessary in all the lower depreciation years to offset the economic gain. With 30-year average life property, as in the case of telephone companies, the last mentioned rate would be substantially increased—to the point where substantial loss of economic gain from this cause becomes inconceivable. Then, too, as in the case of higher tax rates in later years, the money costs are bound to overlap where there is continued expansion. Like the bugaboo of higher future tax rates, fear of loss through higher money costs appears unwarranted.

Accounting Treatment and Its Impact

There seems every reason to believe utility companies (with the approval of regulatory agencies and auditors) will continue to deduct for accounting purposes the same Straight Line depreciation as heretofore, whether or not rapid depreciation is adopted for tax purposes.

The recently issued Bulletin No. 44 of the American Institute of Accountants provides that in the case of adoption of rapid depreciation a charge to income for deferred income taxes is deemed requisite only if (1) the amounts of the tax reductions are material and (2) the tax deferrals are expected to continue for *only a few years*. Since the period of deferral is sure to be lengthy in the case of telephone companies and other utilities, the effect of this bulletin on the utility industries would be to permit the tax reductions arising from rapid depreciation to be carried through to net income and earned surplus. Thus the bulletin reverses the position taken by the institute in Bulletin No. 43 on accelerated amortization, where a charge for deferred taxes was required if the tax reductions were substantial.

At this writing the Michigan and Indiana public utility commissions, in cases involving electric companies, have ruled in favor of a charge for deferred taxes, to be credited to a reserve for future taxes in the former case and to appropriated surplus in the latter. What position other regulatory bodies will take remains conjectural.

It seems important to bear in mind, however, that rapid depreciation, while resembling accelerated amortization in some respects (principally that it was the intention of Congress in both cases that the taxpaying corporation — and not the utility customers should have the benefit of the use of the deferred taxes), differs markedly in others.

Accelerated amortization was admittedly a temporary expedient to meet a special defense effort, whereas rapid depreciation has been enacted as basic income tax law, as permanent as that law can ever be. The period of the higher deductions is not arbitrarily limited to five years, but in the case of utilities will cover 15 years, if the total life span is thirty years.

The continuous nature of utility expansion tends greatly to further enhance the recurring character of rapid

depreciation. Assuming the same amount is expended for additions year after year to infinity, total depreciation deductions for tax purposes under the sum of digits method *would never in any year be lower* than under the straight-line method.

On this basis, the need would disappear for setting aside reserves to meet higher tax obligations in later years of lower depreciation deductions. Furthermore, the theory of a charge for deferred taxes has been based on the concept that the current tax depreciation deduction (as in the case of accelerated amortization) is "abnormal." It would seem that rapid depreciation, being a part of the permanent tax law, can properly be considered as "normal."

Rates and Rate Making

So far, to the writer's knowledge, none of the state or federal commissions, including Federal Communications Commission (FCC), has taken any position with respect to the treatment of rapid depreciation for rate-making purposes. However, it appears that state utility commissions which have acted with respect to the rate-making impact of accelerated amortization of emergency facilities, have, with one exception, "normalized" taxes, that is, computed earnings for rate-making purposes without the benefit of rapid depreciation. The Federal Power Commission (PFC) took the same position in this respect. The single exception, Georgia, treated the accumulated net tax reductions arising from accelerated amortization as "contributed capital" and provided for reducing the rate base to the extent thereof. It doesn't appear that FCC issued any order or ruling as to accounting with respect to either accelerated amortization or rapid depreciation or as to rate-making with respect to accelerated amortization.

Summary and Conclusions

The gains to utilities from invoking the right to rapid depreciation—particularly the economic gain — are so substantial as to warrant adoption of rapid methods (at least as to large, readily identifiable items) unless there is reasonable grounds to believe that unfavorable rate treatment will more than offset these benefits. Adverse action in the matter of rate-making seems unlikely as to most regulatory bodies, but the telephone industry—which cannot, like the electric utility industry, rely upon increased per consumer usage to absorb greater operational costs, and must, therefore, often look to increased rates as the sole solution for its problems—can least afford such an adverse attitude on the part of regulatory bodies.

This call initiates SATT (customer direct dialing) equipment which General Telephone Co. of California, Santa Monica, cut into operation recently in the company's new Bel Air and Pacific Palisades central offices. The latest automatic switching equipment will enable approximately 9,000 customers to dial an additional 1½ million telephones in the Los Angeles metropolitan area. Dialing the first call is MICHAEL BIRNKRANT, president of the Bel Air Association. Watching are (left to right) EDWIN M. BLAKESLEE, president of General of California; WARREN EHRING of the Brentwood Chamber of Commerce, and PHIL MILLER of the San Vincente Business Association. The General company plans to give the balance of both the Santa Monica and West Los Angeles exchanges SATT service later in the year. Cost of this service improvement exceeds 10 million dollars which is one of the largest programs ever undertaken by General of California.

Until the rate-making treatment by the regulatory body having jurisdiction has been settled, telephone companies may wish to adopt the Declining Balance Method of rapid depreciation as to 1954 additions, thus retaining their statutory right to switch to the straight line method at the end of any taxable year if this appears desirable in the light of the attitude of the regulatory body. But this procedure would forego a substantial part of the economic gain from rapid depreciation, for the Declining Balance Method produces considerably lesser gains for utilities than the sum of the digits technique. But once the latter method is chosen for any taxable year, it cannot later be changed as to properties constructed in such year.

To avoid the possibility of substantial loss to the telephone industry through adoption of the less productive declining balance method—in self-defense, so to speak — it seems essential that regulatory commissions act promptly to determine the accounting and rate-making procedures.

Despite the clouds on the rate horizon (which, it is hoped may shortly be dispelled), all this seems to add up to the conclusion that telephone companies should consider very seriously before foregoing the right to the valuable benefits of rapid depreciation—as to additions made in 1954 and subsequent years. Careful over-all consideration of *all* the important factors affecting this complicated subject seem to be a "must" to every telephone company desiring to arrive at the most beneficial decision.*

It should again be emphasized, in closing, that action is advisable to preserve the right to elect a rapid method for 1954 additions, wherever these are considerable in amount. Accordingly, extensions of time for filing returns should be obtained wherever necessary to allow ample time for thorough consideration.

*It has not been feasible to include in this article many charts, tables and formulae, pertaining, for example, to the computation of the period of economic gain; formula for determining what higher rates of tax would offset economic gains, etc.; as well as numerous tables comparing the deductions under the Straight Line, and various rapid methods; also calculations of economic gains and present values thereof. All this data is included in a new book by the author, entitled *New Rapid Tax Depreciation—How To Use It Profitably*, just published by Prentice-Hall, Inc., of which book this article is a condensation.

V V

» Since the turn of the century, the number of telephones in the U.S. has grown from 1.4 million to more than 51.5 million. Half of this increase has taken place since 1943.

KENTUCKY CONVENTION

Concluded from page 26

earnings. Some of the items he listed, in addition to local and long distance service, are extension telephones, loud ringing bells and gongs, wiring plans, jacks and plugs, upgrades of service, PBX's, additional trunks, automatic answering devices, etc.

D. B. CORMAN (left) of Louisville, and R. F. HARDY of the Chase National Bank, New York City, get together at the Kentucky convention.

On the "how to sell" phase, Mr. Boyd emphasized it was simply the matter of contacting subscribers and prospective subscribers, telling them what the telephone company has to offer and selling them on the benefits of telephone service, among which are convenience, protection and saving in time.

In closing, Mr. Boyd stressed that small Independent companies have just as good a market for selling additional services and facilities as the large companies and, to substantiate this premise, he reported on successful sales campaigns which have been conducted in the smaller exchanges of the General Telephone Co. of Kentucky, which resulted in a sizable increase in revenue

One of the features of the convention was the showing of motion picture slides depicting modern rural plant construction by D. B. Corman, of the Northeastern Telephone Co. of Augusta, Ky.

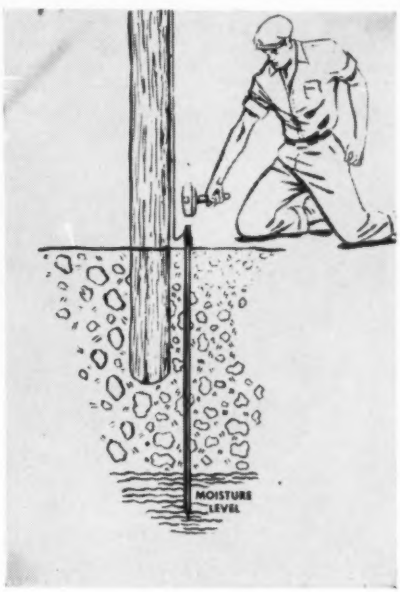
The convention re-elected the following directors: W. R. Bacon of Glasgow; D. B. Corman of Augusta; G. B. Foscue Jr. of Florence; H. J. Huether Jr. of Lexington; D. H. Lloyd of Lexington; S. S. Long Jr. of Lexington; M. V. Shepherd of Ashland, and H. J. Wright of Elizabethtown. Hubert Bush of Somerset was elected a director to replace J. L. Zieg of Campbellsville, deceased.

The directors elected the following officers: President, Mr. Lloyd; vice presidents, Mr. Corman, Mr. Wright and Mr. Long, and secretary-treasurer, J. R. Reitze of Elizabethtown.

You may only think you're getting power-cross protection!

When a man installs a high-voltage arrester, he naturally assumes his lines will be securely protected against power-cross damage.

But he may only *think* so!



A low-resistance ground . . .

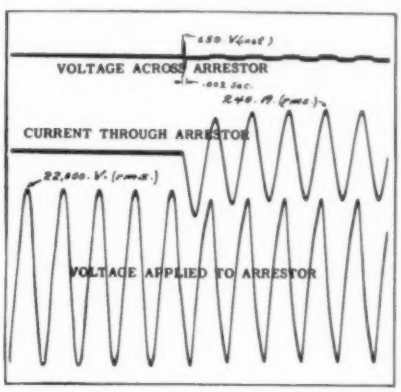
Unless he puts in a ground-rod long enough to reach the moisture level, he's asking for trouble. Ditto, if the rod is too short to reach moisture during dry spells. For in either case there will be times when he has very little power cross protection. A look at the formula E = RI shows why. (E = voltage after arrester operates, R = ground resistance, and I = current.) In theory, a 12,000-volt cross at 400 amperes should be reduced to 50 volts for *complete* safety, and to do this, the ground resistance could not exceed ⅛-ohm. In practice, it would be considered acceptable to merely reduce the 12,000-volt charge to a point where nearby substation protectors could handle it, and to do this, ground resistance should not exceed 2.5 ohms.

Now, for the high-voltage arrester itself: choosing a good one is no problem. Leading the field is Automatic's Type 56, which is proving very dependable in service. It contains an exclusive bi-metallic plate that bends and grounds the line. After the

. . . plus Automatic's Type 56 High-voltage Arrester . . .

current is shut off, the plate resets itself. Eliminated are fast burning and frequent replacement of carbons.

The following diagram shows how Type 56 stood up during a strenuous operating test. Note that a charge of 22,000 volts at 240 amperes was reduced to only 650



. . . equals sure power-cross protection

volts, which could be handled easily by substation protectors.

Order Type 56 Arresters today. Ask for Catalog T-4068-B.

Cat. No.	Dimensions	Shipping Wt.
SB-97	7¾" high x 3⅝" high x 2¼" wide	2¼ lbs.

A product of the Telephone Specialty Department of

AUTOMATIC ELECTRIC

Distributors in U. S. and Possessions: AUTOMATIC ELECTRIC SALES CORPORATION
Export Distributors: International Automatic Electric Corporation
1033 West Van Buren Street, Chicago 7, U. S. A.

IN THE NATION'S CAPITAL

Concluded from page 21

the cost of replacement of installations.

"The Swedish Telecommunications Administration like the Swedish Postal Administration, is a government public utility enterprise making its own separate accounts, which—contrary to the situation of the British Post Office—are not mixed up with the general government accounts.

"It has been established as a principle that Swedish telecommunication accounts should show the real financial result.

"Services rendered to other government authorities are charged for at normal rates, just as, for instance, the Telecommunications Administration has to pay regular postal charges to the Postal Administration."

Accompanying this letter was a very interesting publication (in English) of the Swedish Telecommunications Administration celebrating the centennial jubilee of the telegraph services, which are operated, along with the telephone services, by that government agency. It contains an article by Mr. Heimburger, which tells of the tremendous postwar expansion and demands for service made upon the Swedish telephone system, despite the fact that Sweden was not at war. These demands took another jump after the Korean outbreak—another war in which Sweden did not participate.

But there is one principle which the Swedish government follows in connection with its telephone and telegraph system which could well deserve imitation by some of our own government agencies in their adventures in utility operation in the United States; for example, the Tennessee Valley Authority.

According to Mr. Heimburger, the Swedish Parliament fixes a budget for its Telecommunications Administration each year. The administrary may draw on this, to the extent of its requirements, over and above funds which become available through its own operations. Where new capital is advanced by the government to the Telecommunications Administration, no interest is charged, but any profit made must be handed over to the Treasury. In other words, the Swedish government stands in relation to its utility system in about the same position as an investor, providing new capital through the purchase of securities and expecting a profitable return on the same.

There is, over and above that, a very important demand laid upon the Swedish utility services. *They are required to make a profit,* at least equal to the current level of interest on the administration's share of the national debt.

Regarding the Swedish government's change-over from original cost to replacement basis for depreciation, Mr. Heimburger's article states:

"Beginning with the budget year 1951-52, a significant change in regard to the writing off of the administration's capital equipment was made, in that the writing off is no longer to be calculated on the book value of the installations, that is on what they cost initially, but instead on their replacement value, or the book value corrected to take account of the decrease in the real value of money.

"In practice this recalculation is made with a special installation cost index, which is based partly on the average wage rate per hour for the administration's workers (including sick and holiday pay and expenses) and partly on some selected types of material used for the administration's work, these prices being weighted in proportion to the consumption of the various classes of material. A separate building cost index is used for structural buildings and this is obtained from another source.

"The calculations will clearly only give an approximate picture of the change in costs."

Mr. Heimburger gives an example of these calculations during the budget year 1952-53, which shows that replacement value of a telephone building had to be raised by 61 per cent of the book value, while book figures for telephone and telegraph installations were estimated at a replacement value of 88 per cent. (Certain radio installations were figured at 71 per cent appreciation for replacement purposes.) The buildings were written off at the rate of 2 per cent a year; telephone and telegraph installations at 4 per cent; radio installations at 10 per cent, to reflect an assumed average life span of 50, 25, and 10 years, respectively. These estimates were regarded as conservative.

Mr. Heimburger gave reasons why the Swedish Administration had to change-over to a replacement basis in writing off depreciation. He stated, in part:

". . . such an increase was necessary as a result of the large increase of prices and wages which took place during 1951 and which was a consequence both of the general increase of prices in international markets after the outbreak of the Korean War and of the elimination of certain food and other subsidies.

"Although it was thus a case of a double raise of the tariff, the increase was carried through without difficulty because the increase in charges was less than the general price and wage increases above the prewar level.

"That this was possible must be attributed to the saving in operating cost which had steadily been made by automatization.

"After the general price and wage level in Sweden took a new step upward in 1952 a further increase in tariffs became necessary, but this, however, did not need to be as great as in the previous year. This also did not affect appreciably the earlier relation between the increases in tariffs and the general price level.

"Compared with 1935, the basic year for the Swedish cost of living index, the cost of living in Sweden had arisen in the spring of 1953 by 113 per cent, while the increase of the most common telephone charges had been limited to 58-86 per cent."

V V

Deaver Named Operating Head Of Automatic Electric Sales

At a recent directors meeting, Darwin H. Deaver was elected vice president and general manager of Automatic Electric Sales Corp.

In this new position, he will direct all operational activities of the sales organization, reporting to H. F. Lello, sales corporation president.

D. H. DEAVER

Mr. Deaver came to Automatic Electric in 1945 after successful experience in the investment banking field in New York and Chicago. Since joining the company, he has held a succession of responsible administrative posts, including manager of supply sales, and assistant to the president, the position he held prior to his new assignment.

A native of Kansas, Mr. Deaver is a graduate of Washburn College of Topeka, Kan., and holds a Master's degree from the Harvard Graduate School of Business Administration.

At the outbreak of World War II, he was called to duty with the United States Navy. After serving as a procurement specialist with the Navy Bureau of Aeronautics, he was assigned

to sea duty, serving as a Combat Information Center officer, and division officer aboard the U. S. S. Houston, and later with the Fast Carrier Task Force aboard the U. S. S. Intrepid and the U. S. S. Lexington. He was released from the Navy in 1945 with the rank of lieutenant commander, being recalled for a brief tour of duty during the Korean emergency.

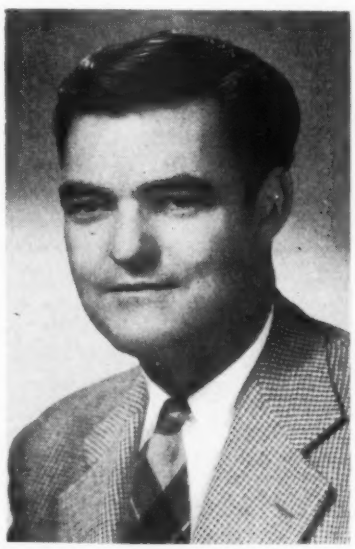
V V

H. E. Reynolds Heads Lynch Chicago Office

Lynch Carrier Systems, Inc., announces the opening of their midwest sales and engineering office in the Graybar Building at 850 W. Jackson Blvd., Chicago, Ill. Herbert E. Reynolds has been assigned to head up this activity.

The principal function of this office will be to offer additional engineering assistance on Lynch carrier-telephone and carrier-telegraph equipment.

Mr. Reynolds is a registered engineer in the state of Illinois. His experience includes extensive work as transmissions engineer, from 1938 to 1943, with the Illinois Bell Telephone Co. From 1943 to 1946 he served as



H. E. REYNOLDS

pilot and flight control communications officer with the Army Air Force, subsequently being self-employed until he joined the De Kalb-Ogle Telephone Co., Sycamore, Ill., as plant superintendent.

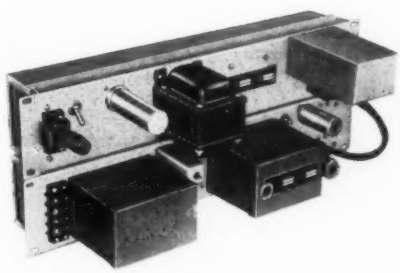
He became associated with Lenkurt Electric Co. in 1951. During his employment with this organization, he became manager of their Chicago field office. At the time of leaving, he was sales manager of Lenkurt Electric Sales Corp.

Mr. Reynolds joined the engineering department of Lynch Carrier Systems, Inc., in February, 1954.

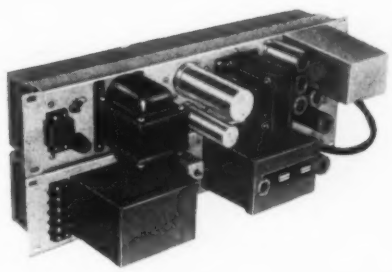
BUCKEYE CAN SHOW YOU HOW. . .

YOU CAN ADD NEW SUBSCRIBERS TO EXISTING LINES AT LOW COST

with **North's New Telephone Carrier**



Central Office Terminal



Subscriber Terminal

. . . Gives you these advantages

Provide service for waiting-list customers adjacent to lines now filled to capacity.

Reach potential customers beyond the end of present lines, without the cost of new construction to that point.

Provide private, two-party or four-party lines not now available, with resulting improvement in rate earnings.

Free physical circuits for paystations or other special revenue telephone service now blocked by lack of capacity.

Meet demands for special temporary service, such as resorts, construction camps, etc., where carrier can be moved to meet changing requirements.

Offer improved service to customers now on overcrowded lines.

Technically explained and illustrated in BULLETIN C-541

FOR FURTHER INFORMATION WRITE FOR BULLETIN C-541

BUCKEYE TELEPHONE & SUPPLY CO.

1250 KINNEAR RD. **COLUMBUS 21, OHIO**

COTTON
Serviceable for all around uses. Standard everywhere.
NYLON
Smooth texture, easy to handle. Preferred for switchboard use.
NEOPRENE
Very popular because easy to keep clean. Moisture and grease proof.

Runzel

CORDS

the WORLD'S FINEST

...for every purpose!
...for every instrument!

Take your choice—Neoprene, Nylon or Cotton. They're all high quality cords made in accordance with Runzel high standard of quality. We carry large stocks of cords to meet every need. Our geographical location means Quick Service.

RUNZEL CORD & WIRE CO.

4723 W. MONTROSE AVE. • CHICAGO 41, ILLINOIS

helpful LITERATURE

EARTH BORER—Recently released is a new technical four-page, two-color folder describing the new portable mechanical earth borer developed by J. H. Holan Corp.

The borer, known as Model 4401-M, is driven by power take-off from the truck transmission and is supported by winch line and derrick. Photographs of the unit in action, a description of its mechanical features, and a diagram of the drive linkage helps power and telephone utility engineers visualize the function of the digger on their present equipment. Request HL230.

• • •

TRUCK EQUIPMENT—A new six-page abbreviated catalog-bulletin describes and illustrates the complete line of public utility truck equipment manufactured by Tel-E-Lect Products, Inc.

The Tel-E-Lect line, described in the bulletin includes: All steel utility truck bodies; self-storing derricks; winches; truck-powered pole hole diggers; single-lever, non-clutching transmissions; power take-offs; pole trailers; ground rod drivers and special truck equipment.

The firm's automatic equipment makes it possible for two-man crews to perform tasks that ordinarily would require a five-man crew. Any standard truck can be converted to a complete pole setting rig with Tel-E-Lect equipment, the company states. Request HL231.

• • •

SHAPED WIRE — A 16-page illustrated book describing ways of reducing machining costs with Page shaped wire has been issued by the Page Steel & Wire Division of American Chain & Cable Co.

According to the book, these profiles are available in cross-sectional areas up to and including ¼-inch square, and in flats and rectangles in widths up to ⅜-inch—the ratio of width to thickness not exceeding 6 to 1. The wire is produced in low carbon steels, low alloy steels, high carbon steels, stainless steels, and Armco ingot iron, in a wide range of commercial finishes.

Complete figures are given for calculating areas and weights of the more common shapes. Also included are physical properties charts, millimeter and hardness conversion tables, standard wire gages, and stock lists of carbon steels and stainless steels. Request HL232.

• • •

CUSTOMER DIRECT DIALING — "The Magic of Telephone Toll Ticketing" is the title of a new brochure prepared by General Telephone Co. of California. It serves as a summary of SATT (customer direct dialing equipment) operations, treating the automatic progress of a call from the time a customer dials until he receives a statement of his charges.

The brochure takes the highly technical subject of SATT and explains its function in layman's language; being published with a view for making the brochure available to industries, schools, businessmen and other interested organizations and individuals.

The booklet is 8½ inches by 11 inches, with 16 pages. It is illustrated with photographs of the component parts of the automatic switching equipment and with each picture is an explanation of the work each part does toward the completion of a call.

General of California is one of the first companies in the United States to

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608 S. Dearborn St.
Chicago 5, Ill.

Please have the manufacturer send me without obligation further information on the products described in the following numbers:

HL230 ____: HL231 ____: HL232 ____: HL233 ____: HL234 ____.

Name . . . . . Title . . . . .

Company . . . . .

Street . . . . .

Town and State . . . . .

3/19/55

install this equipment. On Feb. 26 of this year, the initial installations of the toll ticketing equipment were cut into service in the company's new dial office buildings located in Bel Air and Pacific Palisades.

The equipment will permit approximately 9,000 customers in these two central office areas to dial an additional million and a half telephones in the Los Angeles metropolitan area. Request HL233.

• • •

BATTERIES — C&D Batteries, Inc., has just released its specification bulletins, CP-536-Rev. 1 and CP-537—Rev. 1. The new bulletins cover C&D's complete line of lead-calcium and lead-antimony batteries for control, switchgear, and auxiliary power application. The specifications include data on battery ratings and capacities, details of design and construction, dimensions, weights, and types of containers. Request HL234.

V V

Stromberg Transfers K. J. Terry To San Francisco Sales Office

Kenneth J. Terry, member of the national sales engineering department at Stromberg-Carlson, has been transferred to the company's San Francisco office to assume the duties of sales engineer for that branch, according to T. C. Thompson, sales manager of the telephone division.

K. J. TERRY

Mr. Terry, a native Rochesterian, joined Stromberg-Carlson in 1942 after education in Ontario, N. Y.; Cornell University, and Lynchburg College in Virginia. Before becoming a sales engineer in Aug., 1954, he worked in various departments in Stromberg's telephone division, including inspection, installation, and specifications. His work at Stromberg-Carlson was interrupted from 1943-46 when he was a member of the U. S. Air Force, serving as a lieutenant with the Troop Carrier Command.

V V

Hubbard & Co. Names Billock Vice President and Treasurer

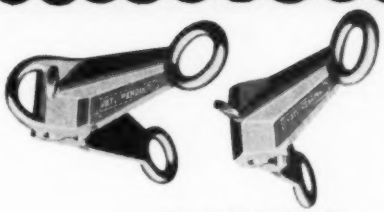
George D. Billock has joined Hubbard & Co., Pittsburgh, Pa., as vice president and treasurer. Mr. Billock formerly was associated with Latrobe Steel Co. as assistant treasurer.

Hubbard & Co. manufactures pole line hardware and also produces a diversified line of forged, stamped, and machined products.

A native of Pittsburgh, Mr. Billock is a graduate of the University of Pittsburgh. He attended Duquesne University Law School. Prior to joining Latrobe Steel Co. in 1946, he was assistant to the controller of National Steel Corp.

Mr. Billock is a certified public accountant and is a member of the Controllers' Institute of America, American Institute of Accountants, and the National Association of Cost Accountants.

How to Solve Your Cable Spinning Problems the Easy Way



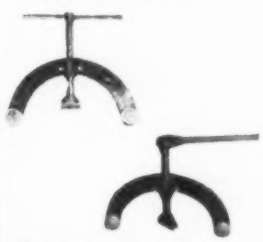
Platform Clamps
Support splicer's platform from aerial cable —spun or otherwise. Won't slide on grade or damage cable. Bronze alloy.

Handline Block,
specially designed for spun cable, may be used on cable with any other kind of support. Clamps on strand. Won't slip on grade or damage cable. No wrench is needed. Bronze alloy.

Single Eye Hooks
...for four supporting adjustable ropes of a splicer's platform. Cadmium-plated steel.

Double Eye Hooks
make splicer's platform readily adjustable ...by threading supporting ropes through double eye. Cadmium-plated steel.

LITTLE GIANT Slack Pullers

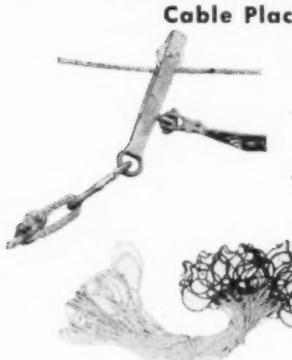


Here's a combination of great strength and very simple operation...to make difficult operations easy. Furnished with either slip handle (left) or ratchet (right). Moving parts cadmium plated.

Lashing Wire Clamp
designed by Neale, holds spinning wire with positive action clamp when terminating at pole. Also keeps slack from running back in cable repairs. Bronze alloy with cadmium plated screw.

Soap Can & Brush
keeps pressure testing soap or paint in excellent condition. Cast aluminum for light weight. Tight-fitting cover serves as handle for brush. Container equipped with spring belt clip.

Cable Placing Ring Guide Roller
offers means of pulling cable in and takes down pull on tow line to truck. Cadmium plated steel with bronze bushing.



Cable Placing Shoe
is used ahead of spinner to raise cable from reel to strand in placing and spinning cable. Also used stationary at pole when placing with rings.

Steel Placing Rings
...for light cable. Slip rings onto cable at pole and attach to pulling line. Rings distribute themselves every five feet along span. Sets of 20, including 110 feet of rope attached.

Bronze Cable Placing Ring.
Roller design eliminates sheath damage of all sizes of cable. Cast bronze body and bronze rollers.

CABLE SPINNING MANUAL
gives complete details on operation of Neale Cable Spinner with easy-to-follow service and maintenance instructions.

THE WORLD IS SPINNING—TOO!
PHONE 2 7234-5

Cable Spinning Equipment Co.
3100 TOPEKA AVE. TOPEKA, KANSAS

"Dr. Livingstone, I presume?"

In the early days, about the only way to gather news from the far corners of the world was by personal observation passed along by word of mouth or delivered by hand. That's how those four famous words came into being. Henry M. Stanley was sent by James Gordon Bennett, owner of the New York Herald, to find missionary David Livingstone. When he found him on November 10, 1871 at Ujiji, Tanganyika, Central Africa, he greeted him with "Dr. Livingstone, I presume?"

It was in this era in America that the first Hemingray Glass Insulators were made. Through constant research and development they have kept pace with the communication industries of the world.

There is an insulator design suitable for every communication pole-line requirement. Most jobbers carry complete stocks. Write for free descriptive catalog. Kimble Glass Company, subsidiary of Owens-Illinois, Toledo 1, Ohio.

HEMINGRAY INSULATORS

AN (I) PRODUCT

OWENS-ILLINOIS

GENERAL OFFICES · TOLEDO 1, OHIO

news on new PRODUCTS

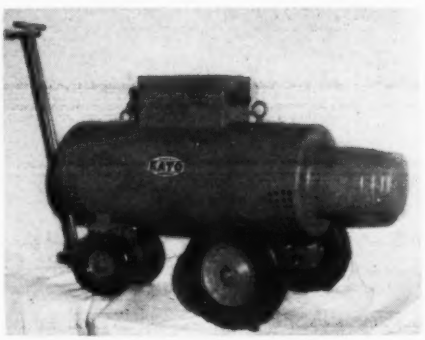
LEAK DETECTOR FOR PRESSURIZED CABLE—Cook Electric Co. has developed a new miniaturized hermetically sealed, non-corrosive warning signal, which when installed on pressurized telephone cable, signals an alarm to the central office in the event of gas leakage.

This alarm is given before the cable has lost all of its internal pressure and generally before moisture has been able to enter the fault. By supplying sufficient additional gas flow to keep positive pressure on the fault, the entrance of moisture can generally be prevented until the maintenance crew has located and repaired the damage.

The new Cook leak detector can be installed in a manhole, concrete vault, or on pressurized aerial cable. Request NP361.

• • •

MOTOR GENERATOR—Kato Engineering Co. has announced a new 400-cycle motor generator set. It consists of a 14-pole, ac alternator, driven by 10 HP, three-phase squirrel cage induction motor. The alternator rotor and



motor armature are mounted on a common shaft. A dc exciter is mounted on the alternator end providing 125 dc volts for excitation.

The machines are available with automatic voltage regulators providing 2 per cent plus or minus with 80 per cent power factor load. Inherent regulation is about 10 per cent with 100 per cent power factor load.

A voltage regulator is recommended if power factor load is below 90 per cent. These machines are available in sizes ranging from 500 watts to 125 KW both single phase and three phase. Machines can be furnished with pneumatic wheels as shown which permits ease of moving the motor generator set from shop to shop or laboratory. It provides a source of 400-cycle current which can be moved from place to place and plugged into any standard three phase power circuit. Request NP362.

• • •

DISTRIBUTION CABLE — A new, completely color-coded, 16-pair telephone distribution cable is now available from Whitney Blake Co.

The cable has No. 19 AWG soft

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Chicago 5, Ill.

Please have the manufacturer send me without obligation the literature indicated by the following numbers:

NP361_____; NP362_____; NP363_____; NP364_____;
NP365_____; NP366_____; NP367_____; NP368_____.

Name . . . . . Title . . . . .

Company . . . . .

Street . . . . .

Town and State . . . . .

3/19/55

copper conductors with polyethylene insulation and polyvinyl chloride jacket over each individual conductor. Paired conductors are cabled around a polyethylene covered, high strength steel core.

Approximate outside diameter is .750 inch. Used in place of 16 pairs of open wire, the cable provides an economical temporary method of extending service to growing residential areas. It has excellent electrical characteristics and resistance to weathering. It is light weight and easy to install. No cross-arms are necessary.

It is supported by attaching the built-in messenger to the pole, making a neat inconspicuous installation and requiring a minimum of trimming in wooded areas. Request NP363.

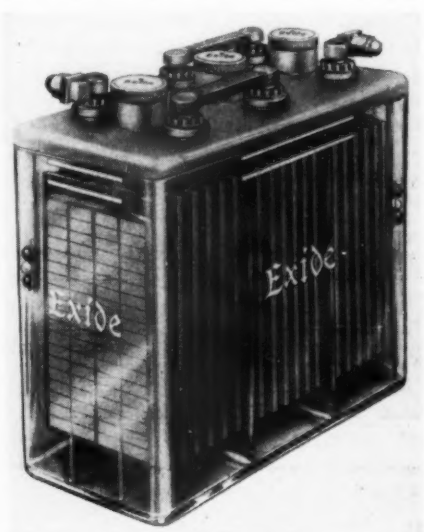
• • •

EXCHANGE AREA CABLE—Whitney Blake also announces its line of TELE-CABLE® exchange area cable for aerial and duct use to include 76, 101, 152, and 202-pair in conductor sizes Nos. 24, 22 and 19 AWG.

This cable has polyethylene insulation and specially compounded weather resistant black polyethylene jacket. It has excellent electrical characteristics and long life and it is approved by REA, the company states. Request NP364.

• • •

EMERGENCY LIGHTING—Approval by Underwriters Laboratories, Inc., of the first plastic-cased battery for use in emergency lighting-unit equipment has been received by Exide Industrial



Division of The Electric Storage Battery Co. This battery is Type 3-COE-7 used in Exide Lightguard models ME and TE.

Eight to 12 years of useful life is anticipated for the 3-COE-7, according to Exide. Quarter-inch thick pasted type positive plates and active material of special formulation contribute substantially to this extraordinary long life. Negative plates of heavy, rugged construction are in balance with positive plate characteristics. The active material is locked into both plates by a series of strong horizontal and vertical grid members. This construction assures permanent contact between active material and the grid structure carrying the electrical current. These features provide exceptionally low internal resistance, which increases useful service life and sustains high capacity, it is said.

Long, trouble-free life is assured by use of double insulation of microporous rubber and Vitrex retainers, both impervious to action of the electrolyte, according to the company. Low internal resistance resulting from the dual insulation assures full rated discharge characteristics.

Polystyrene, a tough, transparent and heat-resistant plastic, was chosen by Exide engineers as best to meet requirements for the case of the 3-COE-7 battery. The cover is Exide gray polystyrene, molded to close tolerances.

State of charge is indicated by col-

"Tops" IN THE
MONEY-SAVING BRACKET

CASE ALUMINUM TRANSPOSITION POINT BRACKETS

Weighs about 4 lbs., complete with insulators. Save on maintenance; send for booklet fully describing the Case Aluminum transposition bracket.

Insulators come equipped with rubber bushings which maintain line circuit operation in event of breakage.

Catalog No.	Type	Wire Spacing	Wgt. Per C.
SE-1648	R. H.	8"	220
SE-1780	L. H.	8"	220
SE-1650	R. H.	6"	200
#1088	Glass Insulator (with bushing)		48
RC-1	Rubber Insulator		35

*The above brackets and insulators should be ordered separately.

Sold By Leading Distributors In The United States

Also Available

CASE ALUMINUM TRANSPOSITION SPAN BRACKETS

TRANSANDEAN ASSOCIATES, Inc.

P.O. BOX 214, ORANGE, N. J.

Consulting Engineers and Constructors

ored pilot balls floating in a vertical channel molded into one corner of the container. According to the company, the pilot balls may be observed from distances up to 30 feet.

The battery requires addition of water only once or twice a year under normal circumstances. While the COE type battery has a range of capacities from 10 to 30 ampere-hours, the same design features have been applied by Exide to batteries up to 100 ampere-hour capacity in three-cell units and up to 660 ampere-hour capacity in single-cell units.

Additional information on the 3-COE-7 and other COE batteries is available. Request NP365.

• • •

TRUCK-MOUNTED AERIAL UNIT—McCabe-Powers Auto Body Co., has announced an addition to its Powers-American line of truck-mounted aerial equipment.

The new unit, known as the "Sky-Master" hydraulic aerial beam, consists of a revolving mast and a pair of hydraulically-actuated beams, constructed to carry two men up, out, over, or down to an unlimited number of positions within the operating range.

Supporting mast, which rotates on roller bearings, can be revolved continuously in either direction. Inner beam can be moved to any point in an 85-degree arc. Outer beam, moved hydraulically in combination with drive pulleys and ¾ inch wire rope, can be spotted in any position within an operating arc of approximately 265 degrees. Movement of the mast and each beam is controlled by independent levers installed beside twin work baskets connected to the outer beam.

The work baskets can be moved around obstacles to reach any working position in the range of movement. By means of a parallel linkage, the basket floors remain in a horizontal position at all times.

Sky-Master can be furnished in two sizes, installed on a Powers-American body or on a unit designed to fit individual work requirements. Series AB-37, having a maximum ground-to-basket floor height of 37 feet, enables two men to reach working areas 42 feet above the ground. Series AB-43 has a maximum ground-to-basket floor height of 43 feet—providing a comfortable working height of 48 feet.

Construction features include insulation against 50,000 volts; automatic locking in any position to which the unit is moved; hydraulic outriggers, on

each side of body, for absolute stability; constant oil flow in cylinders to assure safe operation at all times; and relief valves to prevent overloading. Optional items include engine-driven air compressor and air receiver, with air lines to outlets at the work baskets; expanded metal cab protector on steel frame; and dual controls installed on the mast for operation from the ground. Request NP366.

• • •

RINGING POWER GENERATOR—A new ringing power generator for all telephone systems using straight line 20-cycle ringing has been developed by Telkor, Inc.

The operation of the machine is based on an impulse selector theory and, according to the company, it is designed to meet present-day need for higher ringing capacity and higher ringing voltage.

The company lists these features:

(1) Easy to install. Can be installed and maintained even by unskilled personnel.

(2) Input and output cords are furnished.

(3) Compact, self-starting and quiet running.

When duct erection problems began to multiply . . .

OCT-O-DUCT Was The Best All-Around Answer

EXCESSIVE groundwater was just one of several special problems on this underground duct system at the new college campus at Goleta, Calif.

Future roads made special reinforcing in the trench necessary, and plans required running both telephone and power circuits side-by-side.

Soapstone OCT-O-DUCT was the easy, inexpensive answer to every problem. Many thousand feet of 3-inch and 4-inch duct were laid in the same trench.

OCT-O-DUCT's low price and low installation cost, combined with its outstanding electrical, chemical and mechanical characteristics, have made it first choice with contractors and construction departments in telephone and power utilities throughout the West.

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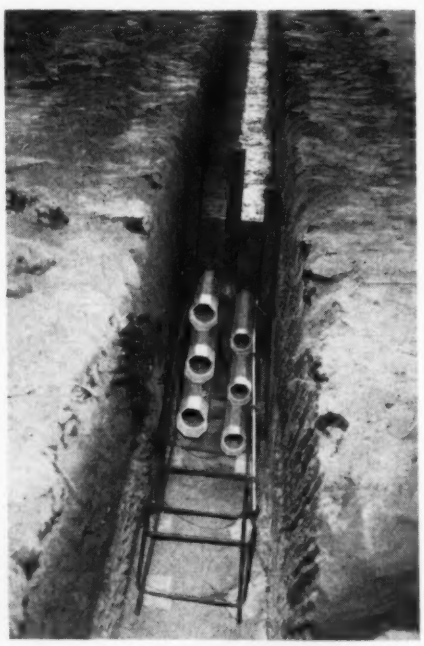

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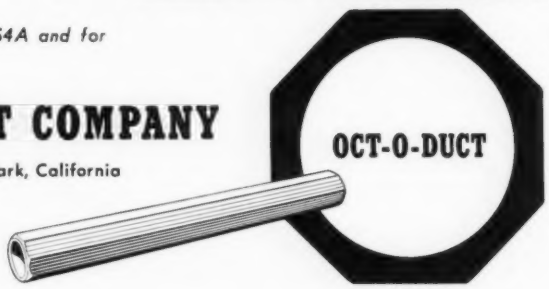

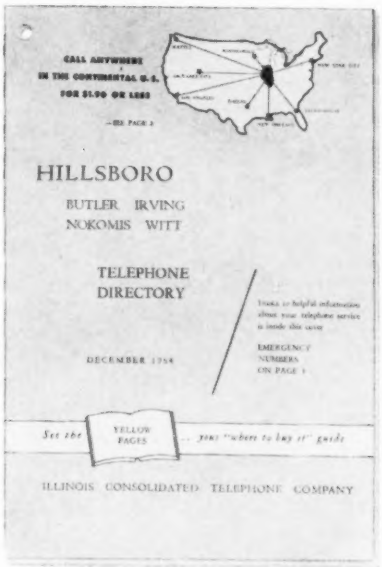

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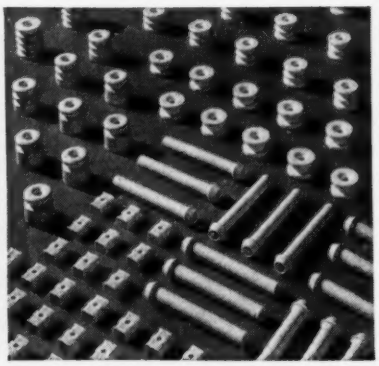

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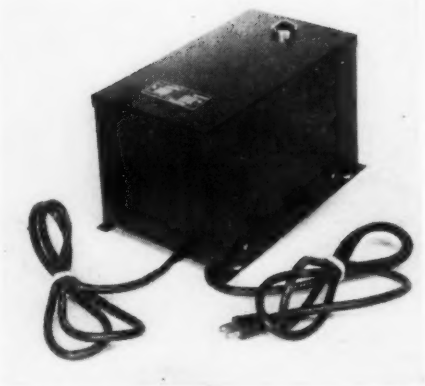

(4) Operates directly from commercial ac power source or equivalent, with voltage and frequency regulation.

(5) Self-protected against damage when ringing on shorted or heavily loaded lines. Red indicator lights to give warning of these conditions.

(6) The machine is equipped with a neon glow lamp which when lighted shows that the unit is in operation.

(7) Each side of the input line is fused with a three-amp tubular fuse.

(8) The input and output circuits are completely isolated from each other.

(9) Suitable for straight, interrupter or coded ringing.

(10) Reverting ringing tone is provided for those systems equipped for that service.

The specifications of the machine, listed by the company are:

Input	No. Load	Effective Output (Approx.) Full Load
110-125 volts—60 cycles	106 volts	90 volts—20 cycles—50 watts
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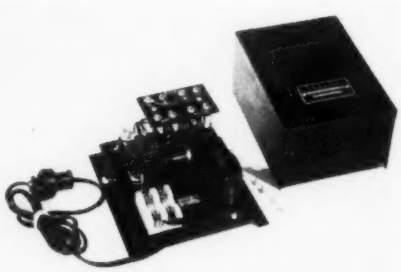

According to the company this unit produces ripple-free humless dc current for talking circuits, etc., from ac lighting and power sources. It has a built-in change-over relay which transfers the talking circuit to standby batteries (dry cells) and back in case of ac power interruptions.

Following are the specifications of the unit:

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V V

Stromberg-Carlson President Reviews 1954 Business

At a meeting of the board of directors of the Stromberg-Carlson Co., on Feb. 22, President Robert C. Tait announced net sales for all divisions, including the broadcasting division, amounted to $63,509,429, slightly less than the $65,241,861 sales in 1953, which was the largest volume year in the company's history.

Net earnings for the year after all charges and taxes amounted to $1,981,754, an increase of 19 per cent over the net of $1,667,308 in 1953. After provision for preferred dividends, this amounts to $3.65 per share on the 509,115 shares of common stock outstanding at Dec. 31, 1954, as compared to $3.40 per share on the 484,551 shares outstanding at the end of 1953.

Common dividends in 1954 amounted to $770,869 (three quarterly dividends of 37½ cents, last quarter 40 cents) and preferred dividends to $121,441, or an aggregate of $892,310 for the year, as compared to aggregate dividends of $707,148 in 1953.

Mr. Tait further stated that the most significant development in 1954 was the company's new financing, involving the call and consequent conversion of the old preferred and the issuance of approximately 3.6 million dollars of new preferred stock, together with the rewriting of the company's long-term Metropolitan loan from the then outstanding balance of 1.6 million dollars to 5 million dollars. Stromberg-Carlson continues to finance its government business through the use of progress payments and a V-loan, so that most of this increase in working capital is being applied to additional civilian business, Mr. Tait said.

Another significant development in

the year 1954 was the listing of the company's common stock on the New York Stock Exchange early in July. Trading opened on Stromberg-Carlson common stock on July 6 under the symbol SCA. Interest in the stock has steadily increased and trading has ranged from a few hundred shares to several thousand per day. At the end of 1954 owners of Stromberg-Carlson common stock numbered 3,341 and owners of preferred stock numbered 852, according to Mr. Tait.

The company operations in 1954 suffered somewhat as against original projections by reason of the delay in production on two large defense contracts. It is expected, however, that the loss of production under these contracts in 1954 will be made up in 1955, Mr. Tait said.

V V

New Exide Research Division Set Up; Lighton Named Head

Creation of a new research division on the corporate level and expansion of research activities of The Electric Storage Battery Co. under direction of Dr. L. E. Lighton, vice president, has been announced by C. F. Norberg, president of the company.

Research for all company divisions will be separated from development engineering and will be carried on in a new center located at the site of the battery manufacturer's Crescentville plant in northeast Philadelphia.

Dr. Lighton's division has been assigned by Mr. Norberg to work toward improvement of present Exide, Grant and Willard battery products and methods and to do basic research on future requirements for storage battery power.

Simultaneously Dr. Lighton was appointed chairman of a research committee to review, determine action and assign priorities to research projects coming from any of the company's divisions and subsidiaries. Members of the committee are the directors of engineering of the automotive and industrial divisions. Mr. Norberg is a member of the committee ex officio.

Dr. Lighton has been vice president in charge of engineering of The Electric Storage Battery Co. since 1945. He joined the company in 1920 as a sales engineer in the Detroit branch and was transferred to Philadelphia in 1925 as manager of automotive manufacturers sales. In 1935 he was moved to the engineering department and in 1940 became assistant manager, advancing to engineering manager later that year.

DR. L. E. LIGHTON

Born in Williamsport, Pa., Dr. Lighton was graduated from Bucknell University in 1920 and last year received from Bucknell the honorary degree of Doctor of Science. He interrupted his education to enlist in the U. S. Army in 1917 and served in France with the Ambulance Corps until 1919. He holds the French Croix de Guerre. In World War II Dr. Lighton served with the U. S. Technical Mission in Europe. He received a certificate of commendation from the Bureau of Ships, U. S. Navy, and an award from the Navy Ordnance Development Division for his battery development work. He holds a number of patents relating to storage batteries.

Dr. Lighton is a member of Society of Automotive Engineers, American Society of Naval Engineers, American Physical Society, American Standards Association, Faraday Society, American Ordnance Association, Association of American Battery Manufacturers, The Electrochemical Society and American Institute of Physics.

V V

List of American Standards, 1955 Edition, Just Published

"A List of American Standards"—1955 edition—has just been published. The 48-page publication lists and indexes about 1,500 American Standards. There are 210 for construction and civil engineering, 153 mechanical, 272 electrical, 158 safety, 165 textiles and wearing apparel, 251 photography and motion pictures, 74 petroleum products, 69 chemical, 62 metallurgy, 38 gas-burning appliances, 32 drawings, letter symbols and abbreviations, 18 mining, 11 rubber, 10 office equipment and supplies, and a miscellany of others.

A separate section on consumer goods contains an index of standards for household appliances and furnishings, wearing apparel, hobby cameras, etc.

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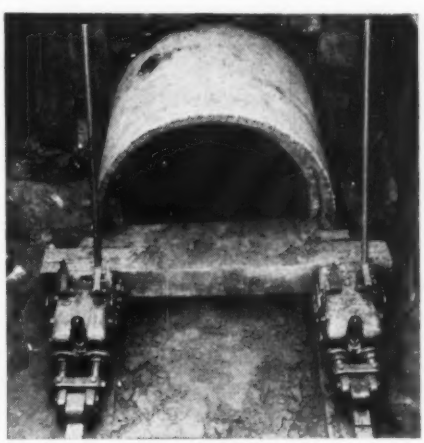

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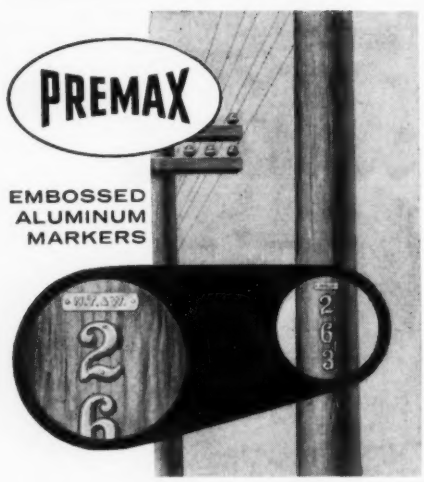

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V V

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V V

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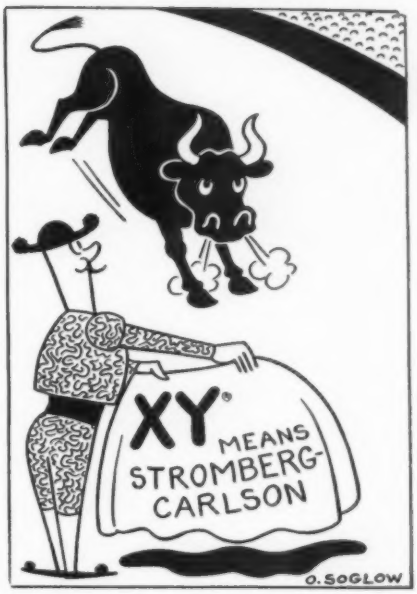

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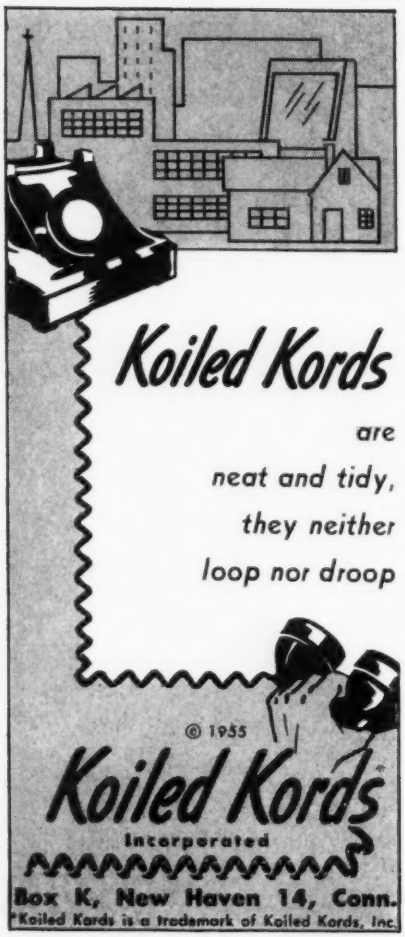

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